



NOTICE OF MEETING & AGENDA

October 17, 2018 * 9:00 a.m. – 2:00 p.m.

600 A Street Conference Room, Davis CA 95616

Conference Call Line Available: 916-407-1517, no password necessary

- I. **9:00 am Opening Remarks**
Supervisor Estelle Fennell, CCA President
- II. **9:05 PROCEDURAL ITEMS**
 1. **Roll Call**
 2. **Approval of Minutes**
- III. **9:15 Organizational Update**
Cara Martinson, Executive Director, CCA
- IV. **9:45 ACTION ITEMS**
 1. **Adjustment to reflect FY 2017-18 Budget Actuals; Approve FY 2018-19 Budget Adjustment**
Jim Erb, CCA Treasurer
 2. **Review & Approval of CCA Policies & Procedures; Conflict of Interest Disclosure Form**
Cara Martinson, CCA Executive Director
Greg Turner, CCA Legal Counsel

INFORMATIONAL ITEM

 3. **Review of User & Vendor Agreements & Noticing Documents**
Greg Turner, CCA Legal Counsel
- V. **11:00 Break**
- VI. **11:15 CCA System Training & Overview**
Adam Crabtree, NCS Analytics
- VII. **12:00 pm Lunch Break**
- VIII. **12:30 Roundtable with State Regulators**
Richard Parrott, Director of CalCannabis Cultivation Licensing Division (Invited)
Lori Ajax, Chief, Bureau of Cannabis Control (Invited)
- IX. **1:15 p.m. Public Comment**
The Board welcomes and encourages public participation in its meetings. Each speaker is limited to two minutes. If you are addressing the Board on a non-agenda item, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report.
- X. **1:30 Closing Comments & Adjournment**
Except where noticed for a time certain, all times are approximate and subject to change. The meeting may be canceled or changed without notice. For verification, please contact cmartinson@cca.ca.gov. Action may be taken on any item on the agenda. Items may be taken out of order, tabled or held over to a subsequent meeting, to accommodate speakers, or to maintain a quorum.

A person with a disability who requires a modification or accommodation in order to participate in a public meeting of the California Cannabis Authority may, five (5) days prior to the date scheduled for a regular meeting of the Board of Directors, contact the Headquarters Office at 1100 K Street, Suite 101, Sacramento, California 95814, cmartinson@cca.ca.gov to request a disability related modification or accommodation in order to attend the meeting, or to request auxiliary aids or services in order to enable such person to understand the proceedings at such meeting.

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Attachment One

CCA Minutes Memo; Minutes March 2018- September 2018

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October 10, 2018

To: California Cannabis Authority (CCA) Board of Directors
From: Cara Martinson, CCA Executive Director

RE: ACTION ITEM: Consideration of Minutes from Previous Board Meetings

BACKGROUND: The following are the Minutes from the CCA Spring Board Meeting held on March 22nd, and the Board Conference calls held on April 27, 2018; May 25, 2018; June 22, 2018; July 20, 2018, August 24th; and September 14, 2018.

RECOMMENDATION: Approve the Minutes of the CCA Board Meeting and Conference Calls.

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CCA Board Meeting
Monterey County Government Center Rosemary Conference Room
1441 Schilling Place, Salinas, CA 9390
March 22, 2018
MINUTES

March 22, 2018

Cara Martinson called the meeting to order at 10:00 a.m.

1. Roll Call.

- | | |
|--------------|--|
| <u> X </u> | Estelle Fennell, Humboldt County, CCA President |
| <u> X </u> | Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary |
| <u> X </u> | Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer |

Others: Cara Martinson, Alan Fernandes, Greg Turner, Adam Crabtree, Edith Driscoll, Santa Cruz Treasurer Tax Collector, Brandon Swanson, Planning Manager, Monterey County, Kelly Donlon, Deputy County Counsel, Monterey County, Nick Chiulos, Assistant County Administrative Officer

2. Approval of Bylaws. The Board approved the proposed CCA Bylaws. Questions were posed regarding how to comply with the Brown Act while conducting business via teleconference. Greg explained the process and notice requirements. Other topics of discussion from Board members included: noticing of agendas, notice to Board members regarding additional counties joining and annual audit requirements.

Motion to Approve: Jim Erb
Second: Estelle Fennell

3. Election of Officers. CCA Board Members voted to elect Supervisor Fennell as CCA President, Mary Zeeb as Secretary and Jim Erb as Treasurer. Cara described the role of each CCA Officer as put forth in the bylaws. There was a discussion of the role of President, and both Mary Zeeb and Estelle Fennell expressed interest in serving. Discussion amongst Board Members mentioned the need for continuity and a stable Board as the organization develops, as well as rotational leadership. A two year term was favored.

Motion to Approve: Jim Erb
Second: Estelle Fennell

4. Public Comment. No public comment.

5. Appointment of Executive Director. The CCA Board approved the appointment of Cara Martinson as the CCA Executive Director. The Board also approved the Powers Conferred Resolution and the Banking Powers Resolution as one motion. Alan Fernandes introduced the item and provided background on how the CSAC Finance Corporation (CSAC FC) has managed other Joint Powers

Authorities. The Executive Director Appointment resolution includes a clause that states the CCA Board will submit the name of a future Executive Director candidate to the CSAC Executive Committee for consideration. Mary asked for explanation of what “consideration” means in this context. Discussion revolved around CCA’s autonomy to make the decision on a future ED candidate, but also the close and mutually beneficial relationship between CCA and CSAC.

Motion to approve all three resolutions: Estelle Fennell

Second: Jim Erb

6. **CCA Budget.** The Board voted to approve the proposed CCA budget for fiscal year 2018-19. Staff included an internal CSAC FC FY 2017-18 that reflects current year expenditures made by CSAC FC. Alan explained that the CSAC FC is providing start-up costs for CCA, and is budgeted to expend \$125,000 in FY 2017-18. In addition, CSAC FC will provide an additional \$180,000 (reflected in FY 2018-19 budget) upon approval of the CSAC FC Board at their April 2018 meeting. Alan explained that part of the mission of CSAC FC is to provide a broad array of finance, investment, insurance and purchasing services to benefit California counties and related public agencies. As such, CSAC FC is proposing to allocate funds within its budget on new business development directed at CCA. This funding will be paid back to CSAC FC over time, as a percentage of revenue generated by CCA.

The Board discussed assumptions built into the budget, and the revenue model for CCA. Cara and Alan explained the revenue model is based on a charge to counties and participants equal to 35 basis points of total sales (gross receipts) within the jurisdiction. The breakdown of the calculation is 15 basis points to the technology provider; 5 basis points to CSAC FC; and, 15 basis points to the CCA general fund. Mary asked questions about flexibility with the basis points charge, and suggested that at some point the CCA Board may want to change that revenue model/ calculation. Questions were asked about the definition of “total sales.” Cara indicated that this term reflects gross receipts in the the jurisdiction. It was also noted by Adam and Cara that the state’s track and trace system, Metrc is the system of record. The Board also discussed what the total state sales numbers could be and the potential for CCA to generate revenue. The Board discussed the payment process to CCA, and decided on a quarterly billing process to jurisdictions in arrears. There was additional discussion of adjusting the basis point calculation down over time, as needed to provide a cost effective service to counties. The Board also acknowledged and approved the adjustment of the Executive Director compensation to reflect \$4000/ monthly inclusive of all travel expenses.

Motion to Approve: Jim Erb

Second: Estelle Fennell

7. **Approve Agreement with CSAC Finance Corporation.** The Board voted to approve the contract with CSAC FC as amended by Alan and Mary. Alan proposed an amendment to clarify Section 3 of the Contract to read (Pg. 3, Section 3, Services to CCA, first paragraph):

“In furtherance of CSAC-FC’s mission and beliefs, and at the discretion of the Executive Director, CSAC FC agrees to provide certain services. CSAC FC shall meet regularly with the Executive Director to determine an appropriate distribution of services provided to CCA. Services to be provided include...”

Mary Zeeb proposed changes to: Section 3.2, first sentence. "CSAC FC shall through the term of this Agreement, provide such Management Services as the CCA Executive Director from time to time may specify." A change was also requested to strike section 3.2.5, as it is a typo.

Alan walked through the terms of the contract, including the 18 month wind-down period. This was explained to be, in part, due to the potential impact on CSAC's budget. CSAC FC contributes to the CSAC budget on an annual basis and wind-down period is appropriate to avoid disruption. The term of the contact is ten years. CCA will pay CSAC FC five basis out of total 35 revenue model until debt is repaid, and then three basis points thereafter for sponsorship and support.

Motion to Approve as Amended: Estelle Fennell

Second: Mary Zeeb

8. **Meeting Calendar.** The Board approved the proposed 2018 meeting calendar. Discussion included meeting dates in relation to other meetings of different Boards & Associations. The Board also discussed proposing the budget for the fiscal budget year at the February 2019 Board meeting, or a meeting prior to the June monthly meeting.
9. **Legal Services Contact.** The Board approved Greg Turner as the CCA Counsel and his contract, as amended to reflect changes to Exhibit A. Alan introduced Greg Turner and explained why he retained his services, and supported why he is the appropriate counsel to serve CCA. Greg introduced himself to the Board and stated that he specializes in state and local tax issues. He owns his own practice and has served members of the Legislature and the California State Board of Equalization, and extensively engaged on issues regarding state and local taxes as well as state and local government authority. With respect to his contract, there is a provision that allows Greg to report back to the Board if he exceeds the hours proposed and an additional rate structure. An amendment to Exhibit A that was included in the packet. The proposed contract (Exhibit A) did not include hours and retainer amounts. Alan and Cara made the correction and proposed that changes should read: Monthly Retainer Amount: \$8000; 20 hrs per month; and anything in excess would be \$450/hour. Services outside of the defined monthly retainer would be billed at \$550/hr.

Greg also stated that he would not contract with private cannabis clients, and he has no conflicts with other clients. His other clients include private sector businesses and some lobbying clients for state/local tax purposes. The Board discussed working with the banking community and how this organization might interact with financial institutions.

Motion to Approve as Amended: Estelle Fennell

Second: Jim Erb

10. **NCS Contract.** The Board voted to approve the contract with Nationwide Compliance Specialists, and Adam Crabtree. Adam provided an overview of the platform, data sources and how CCA members and participants would have access to data, log-in, and interface. The Board discussed the NSC Contract, which is software as a service agreement between CCA and NCS. There is a non-disclosure agreement included in NSC contract as well. Discussion also included topics including proprietary rights, and who owns the data. Greg advised the Board that CCA will own the data, but will license aggregate information. There is a non-compete clause included in the contract as well. The contract prescribes that NCS is restricted in providing directed services to individual cities and

counties. There is a prior approval requirement if NCS would like to provide service to individual jurisdictions.

Cara and Greg provided an overview of the contract, including details specific to length and payment. The contract is a 5 year agreement. The charge is 15 basis points on total sales (gross receipts). Exhibits A and B include a general description of features and functionality of the organization, not otherwise described in the contract. This reflects current standard technical support services. The Board had questions about data security. Adam explained his system's security specifications. Greg discussed the role of the public entity and liability. Mary Zeeb mentioned they've modeled their system off DMV system for user access.

Board members had questions about what data counties will have access to, and what the state will be willing to grant CCA. Cara explained that the CCA team is working with the state to negotiate an MOU for access to information. Jim mentioned that aggregate information is important and will have a lot of value. Adam mentioned that his system is able to geo-location businesses within city and county jurisdictions with GIS mapping.

Motion to authorize the CCA Executive Director to execute a contract over 50,000. Cara will check in with the Board before executing: Mary Zeeb
Second: Jim Erb

- 11. Contract with Executive Director.** The Board approved the CCA Executive Director contract with Cara Martinson. They also moved to amend the contract to total \$4000/monthly in compensation and to be inclusive of travel.

Motion to Approve as Amended: Mary Zeeb
Second: Jim Erb



CCA Board Conference Call

April 27, 2018

MINUTES

April 27, 2018

President Fennell called the meeting to order at 10:00 a.m.

1. Roll Call.

- X Estelle Fennell, Humboldt County, CCA President
- X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
- X Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer
- X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner

- 2. UPDATE on CCA Internal Operations.** Cara provided an update on a number of organizational items. San Luis Obispo County will act as the CCA accountant and hold CCA funds in their Treasury. Alan reported that the CSAC FC Board approved a \$200,000 appropriation/loan for start-up costs to CCA. These funds were wired into the CCA account in the SLO Treasury from the CSAC FC directly. This represents an additional \$20,000 than was anticipated. This will help to provide a cushion as the set-up of the platform and, more importantly, the legal access to data will take some time to work through. In addition, Cara is soliciting bids for the development of the CCA website, which will act as the portal to the platform.
- 3. UPDATE on CCA Membership & Outreach.** Supervisor Estelle Fennell welcomed the newest CCA Board Member, Shari Schapmire, Treasurer Tax Collector in Mendocino County. Mendocino joined earlier in the month. Supervisor Carre Brown is the CCA Alternate Board Member from Mendocino County. With respect to additional membership, Cara and team are reaching out to Santa Barbara County and have had conference calls with Inyo, Yolo, Stanislaus and Riverside counties as well to solicit interest and talk through CCA with interested parties. Several Board Members suggested reaching out to their cities, and recommended that Board members contact their city colleagues directly to talk about CCA and potential for participation. In addition, Shari Schapmire and President Fennell suggested that CCA staff outreach to SIPCA, the local track and trace vendor in Mendocino and Humboldt to explore ways to work together. President Fennell also suggested a follow-up meeting with the Southern Humboldt Community Credit Union. Cara said she'd work with President Fennell to set up a meeting.
- 4. UPDATE on Information Sharing Discussions.** Greg Turner reported on CCA's outreach to the California Department of Food & Agriculture (CDFA) and the process for how CCA will gain access to the state's track and trace data with their system, METRC. Greg, Cara, Alan and Adam met with CDFA staff, including their general counsel and the Department's Director of the Cal Cannabis program to discuss ways to work together. The meeting was positive and CCA will start working on a Memorandum of Understanding (MOU) to be the legal basis for information sharing.

- 5. DISCUSSION of Point of Sales (POS) Connection & Outreach** Adam Crabtree led the discussion of how the CCA data platform will connect to individual cannabis businesses within member counties. The discussion revolved around POS systems, and if cultivators use these systems in addition to retailers. Adam reported that POS systems are used by most cannabis businesses and certain systems cater to different license types. For example, Flow Hub is a system used predominantly by cultivators. Cara suggested that they would begin to outreach to POS system companies to inform them of CCA. Jim Erb mentioned that San Luis Obispo County will have its cannabis tax measure on the ballot on June 5th, and they would also be holding workshops for the industry on how to calculate taxes.
- 6. NEXT STEPS & Future Meetings.** Cara suggested that that Board continue to meet monthly via conference call while the organization is still under development. This will help to keep the Board informed of CCA's progress and enable greater feedback and participation. The Board set the next Board Conference call for Friday, May 25th at 9am.



CCA Board Conference Call

May 25, 2018

MINUTES

May 25, 2018

President Fennell called the meeting to order at 9:00 a.m.

1. Roll Call.

- X Estelle Fennell, Humboldt County, CCA President
- X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
- X Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer
- X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, One Member of the Public, Humboldt County

- 2. UPDATE on CCA Internal Operations.** Cara Martinson reported that the website is under development and she should have a draft to share with Board Members within the next 3-4 weeks. The accounting system with San Luis Obispo County is working well. Cara has also established a phone line, and procured a conference call line for CCA. She is continuing to work on securing general liability insurance for the organization as well.
- 3. UPDATE on CCA Membership & Outreach.** Additional counties continue to express interest in CCA, and Yolo County is anticipated to join soon. Cara indicated that it is a process for many counties to join as they work on setting up their ordinances and have multiple departments involved with cannabis regulation and taxation. In addition to counties mentioned on last month's call, Cara and Adam have had calls with Nevada and Alameda County. In addition, President Fennell made a presentation to the CSAC Agriculture, Environment & Natural Resources Policy Committee and the CSAC Board of Directors during the CSAC Legislative Conference to continue to outreach to counties. CCA also hosted a booth at the CSAC Exhibit Hall. Finally, President Fennell, Cara, Adam and Alan met with Southern Humboldt Community Credit Union. It was an interesting discussion regarding how much information is adequate for federal compliance. CCA will continue to follow-up.
- 4. UPDATE on Information Sharing Discussions.** Greg Turner updated the Board on the MOU discussions with CDFA for METRC data. The conversation continues to be positive, but CDFA has expressed concerns on how CCA will access data. There are a number of options that staff is continuing to explore. The preferred method would be a separate connection, and not the commercial API connection that all other cannabis businesses will use. CDFA will meet with the Governor's office to discuss status of MOU and next steps. Greg and CDFA attorneys will continue to meet to provide comments on draft MOU.
- 5. Other Items & Future Meetings.** Cara reported on the state's first quarter revenue totals. The state collected a total of \$60.9 million in taxes during the first quarter of 2018. This is much lower than the state had expected. Totals include, \$3.2 million in excise taxes; \$1.6 million in cultivation taxes;

and, \$27.3 million in sales taxes. Mary Zeeb reported that the Board of Supervisors in Monterey County voted to reduce their cannabis cultivation tax by approximately 2/3, with the new tax being \$5 per sq ft for greenhouses and \$8 per sq ft for indoor cultivation. Jim Erb suggested reaching out to Dan Buckshi with the City of Walnut Creek, and suggested he'd be a good city contact. The next Board Call of the CCA was set for June 22nd.

6. **Public Comment.** One member of the public was present in Humboldt County with President Fennell. She was interested in learning more about CCA, and did express concern about any additional costs being put on industry.



CCA Board Conference Call

June 22, 2018

MINUTES

June 22, 2018

President Fennell called the meeting to order at 9:00 a.m.

1. Roll Call.

- X Estelle Fennell, Humboldt County, CCA President
- X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
- X Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer
- X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, John Bartholomew, Treasurer-Tax Collector, Humboldt County, CCA Board Alternate

2. UPDATE on CCA Internal Operations. Cara reported on the status of the website and requested bios and pictures from Board Members. Cara is also working with San Luis Obispo to record FY the 18-19 budget and include 2017-18 expenses in the system to accurately reflect all CCA and CSAC FC expenditures. Budgets will be reviewed at fall in-person Board meeting.

3. UPDATE on CCA Membership & Outreach. Yolo County will be joining CCA either at their June 26th or July 10th Board meeting. Cara will present JPA agreement to the Yolo Board. The Board welcomed an additional CCA member, and a county in a central meeting location. Cara reported that conversations with Santa Barbara County continue, but county staff has expressed concern about the cost. Santa Barbara is planning for a robust cultivation permitting program and expects to generate \$350-400 million annually in local tax proceeds. They are concerned about a 35 basis point fee from CCA, but do not have plans to access data otherwise. Cara and Adam did a demo of the CCA system for county staff and they were interested but remained concerned about the fee. Cara reported that she was working with the National Association of Counties (NACo) on drafting national policy on cannabis for NACo, to be taken up at their Annual Conference the following month.

4. UPDATE on CDFA MOU. Greg reported briefly on the status of on-going negotiations with CDFA regarding MOU. Cara and Adam suggested moving forward with connections to businesses and POS systems as we continue to flesh out details on legal issues. Cara and Alan met with the Governor's staff to talk about the delay in MOU process. Governor's staff stated support for the project and suggested that we continue to outreach to all state regulatory agencies. Cara will set up a meeting with Lori Ajax from the Bureau of Cannabis Control.

5. Other Items & Future Meetings. The Board spent the majority of the call talking through the CCA revenue model. Shari Schapmire provided Mendocino County's details on their first quarter tax proceeds. The Board used Mendocino data to walk through the 35 basis point calculation. In general, of the 35 points, 42% is dedicated to hard technology costs, 42% for CCA general fund; and, 16% to CSAC FC for debt repayment and sponsorship fees. The Board agreed to keep the revenue

model as is and revisit once system was operational and after we've generated some baseline data to review. Finally, Adam noted that his company released their API documents and are working with Cara to outreach to POS companies. The Board set the next call for July 20th.

6. Public Comment. No Public Comment.



CCA Board Conference Call

July 20, 2018

MINUTES

July 20, 2018

President Fennell called the meeting to order at 9:00 a.m.

1. Roll Call.

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| <u> X </u> | Estelle Fennell, Humboldt County, CCA President |
| <u> X </u> | Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary |
| <u> X </u> | Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer |
| <u> X </u> | Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member |
| <u> </u> | Supervisor Don Saylor, Yolo County, CCA Board Member |

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, Justin Cooley, Principal Financial Analyst, SLO San Luis Obispo County

- 2. UPDATE on CCA Internal Operations.** Cara Martinson reported that a link to the final draft of the website was sent to Board Members and will become live within the next week. Cara is working with Greg Turner to draft CCA policies and procedures, including a fiscal policy for CCA that will be in front of the Board for action and discussion at the fall in-person meeting.
- 3. UPDATE on CCA Membership & Outreach.** Welcome to Yolo County, who joined CCA at their July 10th Board Meeting. Supervisor Don Saylor will be the CCA Board representative and Supervisor Jim Provenza will be the Board Alternate. Cara continues to talk with Stanislaus, Alameda and Santa Barbara. She also presented to the Monterey County Cannabis Industry Association about CCA, and hopes to outreach to more industry groups in Member counties.
- 4. DISCUSSION of User Agreements.** Greg Turner led the discussion of the attached documents, including the User Agreements for county staff and the Notices to Businesses. Shari noted that the formatting on the User Agreement document needed to allow for more space. The Board generally approved of the documents and had additional minor feedback on formatting. Greg agreed to draft a notice of deletion of access and use for counties to notify CCA when user access is terminated. Cara and Greg led the discussion of notice to businesses within Member Counties. Cara also stated that she would draft a cover letter for counties to customize. The notices would come from the counties themselves. Greg will take feedback and amend notices and agreements and Cara will resend to Board.
- 5. DISCUSSION of Revenue Model Fact Sheet.** Cara discussed the revenue model fact sheet with the Board. The main purpose of the document is to use for outreach to counties and participants that are interested in joining. The Board had general positive feedback on the document. Mary Zeeb requested that an example be added to reflect counties with a cultivation tax, and commented that a gross receipts only example wouldn't work for counties like Monterey. Cara agreed to update.

- 6. Other Items & Future Meetings.** The Board discussed dates for the fall in-person meeting of CCA. Cara suggested that she would work to see if Yolo County would be interested and available to host the Board meeting in their county as it is a central location. The date was tentatively set for October 18th and would be an all-day meeting. The Board set August 24th for the next Board Call.
- 7. Public Comment.** No public comment.



CCA Board Conference Call

August 24, 2018

MINUTES

August 24, 2018

President Fennell called the meeting to order at 9:00 a.m.

1. Roll Call.

- X Estelle Fennell, Humboldt County, CCA President
- X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
- X Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer
- X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
- X Supervisor Don Saylor, Yolo County, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, Justin Cooley, Principal Financial Analyst, SLO San Luis Obispo County, John Bartholomew, Treasurer-Tax Collector, Humboldt County, Board Alternate, Shelby Posey (sp?)

- 2. UPDATE on CCA Internal Operations & Membership.** Cara Martinson gave a brief update on internal operations and membership status. The website is finalized. Cara and Adam are working on the interface between CCA and the Platform. There will be co-branding on the log-in page. Once system is up and running, Adam will conduct training with CCA Board Members and staff. Cara also announced Inyo County's intentions of joining CCA in the fall.
- 3. UPDATE on Legislation.** Cara brought SB 1459 to the Board's attention. This bill is a Monterey County sponsored bill related to crop reports, but will most likely be amended into a license extension for certain cultivation licensees that are working their way through the local permitting process. Several counties, including Monterey, Humboldt and Santa Barbara brought the issue to CSAC's attention. The bulk of their state temporary license holders will be ineligible for a state annual licenses in January 2019 as most are not currently through the local environmental review process. State temporary licenses expire at the end of the year. Cara is working with the Rural County Association and other contract lobbyists to "gut and amend" SB 1459 into a measure that will provide a time extension to licensees that fall into this category. Cara also drafted CCA into proposed bill language by authorizing CCA to be a reporting entity if there is data that needs to be transmitted to the state. Language is currently into legislative counsel for review. Time is short, with a week left in the legislative session. Cara will keep the Board updated on this important piece of legislation.
- 4. DISCUSSION of User Agreements.** Greg Turner discussed the final User Agreements with the Board and process that counties will use to complete forms. Shari Schapmire reminded Greg that he must also draft a notice of user deletion. Greg agreed to do so. Adam has been working to outreach to the POS system community and there are a number of companies that are interested in working with CCA. Adam will begin the API testing process with Biotrack, one of the main POS/3rd Party Vendor

systems. Greg is finalizing Vendor Agreements, the legal contracts between CCA and POS systems, and will share with the Board for input.

5. **UPDATE on Information Sharing MOU.** Greg reported that we continue to get closer to a final MOU. CDFA has requested that we separate the means of connection of our databases through a separate MOU. The first MOU will establish the legal basis for connection and data sharing between CCA and CDFA/METRC and the scope of the data sharing. This MOU should be finalized soon. The second MOU will take additional time to work through.
6. **Other Items & Future Meetings.** Justin Cooley asked Adam if the CCA platform will be able to identify the wholesale rate for vertically integrated businesses. Adam suggested that this data would be available in the form of market price. The Board set the next Board conference call for September 14th and the October meeting for October 18th in Yolo County.
7. **Public Comment.** No public comment.



CCA Board Conference Call

September 14, 2018

MINUTES

September 14, 2018

President Fennell called the meeting to order at 9:00 a.m.

1. Roll Call.

- X Estelle Fennell, Humboldt County, CCA President
- X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
- X Jim Erb, TT Collector/ Auditor Controller, San Luis Obispo County, CCA Treasurer
- X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
- X Supervisor Don Saylor, Yolo County, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner

2. UPDATE on Legislation. Cara Martinson informed the Board that SB 1459 was passed by the Legislature and awaits signature by the Governor. The bill was amended after the last Board update to include an extension for all license types. Cara reported that SB 1459 would allow state licensing agencies to issue provisional annual cannabis licenses to businesses that hold a temporary state license for the same premises and the same activity, and that have an application pending with a local jurisdiction. State temporary cannabis licenses expire at the end of the year. In order for cannabis businesses to receive a state annual license they must be through the local approval process. For a number of reasons, including limited staff time, resources and the sheer number of applications, local governments need additional time to process the significant number of permit applications. This bill will allow local jurisdictions, including CCA Member counties, additional time to review pending cannabis applications at the local level, and to complete the environmental review process. The new license type will not impact data collection or delay the state's track and trace system, as provisional annual licensees must participate in track and trace and pay annual license fees. Cara thanked Monterey and Humboldt counties in particular as they were very helpful in the passage of the bill. She also stated that she believes the Governor will sign the bill.

3. DISCUSSION of October 2018 Agenda. The Board discussed the upcoming agenda for the in-person October CCA Board meeting. The Board changed the date to Wednesday, October 17th to accommodate schedules. Supervisor Saylor stated that he and his staff would work with Cara to find a space in Yolo County that could accommodate the meeting. Cara suggested a number of topics for the agenda, including general housekeeping items such as minute's approval and review and approval of general CCA policies and procedures and a fiscal policy. In addition, training on the platform and a roundtable discussion with state regulators were suggested as agenda items. Board members also expressed interest in a tour of a nearby cannabis facility or operation. The Board also suggested outreach to the industry to inform them of CCA meetings and invite them to participate. A call-in line will be available. Cara stated that she would send a draft agenda for the Board's review before sending a final version a week prior to the meeting.

- 4. UPDATE on User Agreements, Notice & Vendor Agreements.** Greg updated the Board on the final Draft User, Notice and Vendor Agreements. Shari and President Fennell reiterated their desire for CCA to outreach to SIPCA, their local track and trace vendor. Cara stated that she would continue to work with Adam to contact POS companies to inform them of CCA and work to sign Vendor Agreements. Jim Erb asked what extra requirements CCA will be asking of cannabis businesses. Adam explained that the CCA connection to individual businesses is through the licensee's POS or 3rd party Vendor system and is a very similar connection process to the state's track and trace system.
- 5. UPDATE on Information Sharing MOU.** Greg updated the Board on final negotiations on the CCA-CDFA MOU, and that we should expect a final agreement in the next month or so. This is specific to our legal basis for information sharing and the scope of our access. A second MOU will address our means of connection.
- 6. Public Comment.** No Public Comment.

Attachment Two

Budget Memo; Initial 2017-18 Budget; Updated 2017-18 Budget; Accrual Report;
Updated 2018-19 Budget

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October 9, 2018

To: California Cannabis Authority (CCA) Board of Directors
From: Cara Martinson, CCA Executive Director

RE: California Cannabis Authority (CCA) BUDGET REVIEW 2017-18 and 2018-19

Recommendation. Approve Adjustment to reflect FY 2017-18 Actuals; Approve FY 2018-19 Budget adjustment.

Background. The attached documents include the 2017-18 budget that was reviewed at the March 22, 2018 Board meeting (March budget), an updated 2017-18 recorded budget and accrual report, and the adopted FY 2018-19 budget with adjustments.

Differences between the March budget and the recorded 2017-18 budget include adjustments to reflect additional start-up funding received from CSAC Finance Corporation (CSAC FC), a deletion of income noted as CSAC in-kind staff payment and a more accurate estimation of expenditures. The accrual report totals all expenditures made by CSAC FC, including the \$200,000 appropriation, for a total of \$301,232.36 in expenses in FY 2017-18. The report also includes a \$166,214.12 starting balance for FY 2018-19. This adjustment is reflected in the FY 2018-19 attached budget. Funds expended in FY 2017-18 were dedicated to legal and professional services, data and technology consulting services as well as operational costs and board meetings and travel expenses.

CSAC FC Funding. CSAC FC provided start-up funding for CCA, expending \$101,232.36 in direct expenses in FY 2017-18 and an additional \$200,000 appropriation to the CCA account in the end of April 2018, for a total of \$301,232.36 in funds dedicated to CCA. Part of the mission of CSAC FC is to provide a broad array of finance, investment, insurance and purchasing services to benefit California counties and related public agencies. As such, CSAC FC allocated funds within its budget to new business development directed at CCA. This funding will be paid back to CSAC FC over time, as a percentage of revenue generated by CCA. Specifically, the term of the contact between CCA and CSAC FC is ten years. CCA will pay CSAC FC five basis out of the total 35 basis point revenue model until debt is repaid, and three basis points thereafter for sponsorship and support. Sponsorship and support services include program administration services to CCA, including the right to reproduce and use CSAC FC's name and logo in connection with the operation of CCA and its programs, and various administrative functions. This information is further detailed in the Intellectual Property License, Royalty and Program Administration Agreement between CCA and CSAC FC.

Revenue Model/ Income Projections. In order to become self-sufficient and fiscally sound as an organization, the CCA Board adopted at its March 2018 meeting a revenue model to fund the organization that is based on a fee charged to Members and Participants of the organization. The fee is based on a percentage of gross receipts within the jurisdiction. This amount will be commensurate with the amount of data generated, and therefore equitable to each Member or participant's costs to the JPA. The fee is 0.35%, or 35 basis points on gross receipts within the jurisdiction over which it has

cannabis regulatory authority. This calculation is based on projected costs for data management, debt repayment/program administration and revenue necessary to fund and grow the organization.

The adopted 2018-19 budget reflects revenue projections using 2014 legal medical sales data in California, the most current data set available at the time of adoption. Revenue generated from fees in FY 2018-19 are estimated to total \$85,437 from the founding three Members of CCA. This does not take into consideration projected membership growth, or accurate gross receipts within jurisdictions as 2014 medical sales data does not reflect adult use sales, or a robust state regulatory licensing framework. It is difficult to accurately project gross receipts from Members actively regulating, and therefore adjustments to income from fees in 2018-19 have not been made. In addition, CCA has not yet begun to collect data, and thus has not yet collected any revenue. It is anticipated that CCA will become operational and begin to collect revenue in the second and third fiscal quarter of 2018-19.

Adjustments to 2017- 18 Budget. Major changes between the March 2017-18 budget and the recorded 2017-18 Budget include:

- Increase in income of \$20,000 from the CSAC FC, for a total appropriation of \$200,000 made in April 2018.
- Decrease in \$36,000 from CSAC in-kind salary/travel income. This was deleted from income as no funds were dedicated or owned to CSAC or CCA as a result of Cara Martinson's time.
- \$12,000 was added to the expenditure column for CCA staff salaries as a result of the approved CCA Executive Director Contract, and appointment of Cara Martinson as CCA Executive Director.

Adjustments to the FY 2018-19 Budget include:

- Reduction in Income from CSAC FC to total \$166,214.14 as of July 1, 2018 to reflect funds expended in FY 2017-18.

Contact. For more information, please contact Cara Martinson, CCA Executive Director at cmartinson@cca.ca.gov.

**California Cannabis Authority
Initial Budget- REVIEWED 3-22-18**

July 2017 through June 2018

	<u>Budget</u>
Income	
101 — CSAC FINANCE CORPORATION	\$125,000
102 — CSAC In-Kind Staff Salaries/Travel	\$36,000
Total Income	\$161,000
Expense	
601 — CCA Operating Expenses	
601.1 — CCA Audit Services	\$0
601.2 — CCA Staff/Board Travel	\$10,000
601.3 — CCA Legal Services	\$60,000
601.4 — CCA Data Platform Fees	\$36,000
601.5 — CCA Insurance Premiums	\$5,000
601.6 — CCA Program Marketing	\$0
601.8 — CCA Board/Other Meetings	\$10,000
601.9 — CCA Bank Fees	\$5,000
601.10 — CCA Website Development	\$10,000
Total 601 — CCA Operating Expenses	<u>\$136,000</u>
Total 602 — CSAC FC Sponsor Fee	<u>\$0</u>
Total Expense	<u>\$136,000</u>
Net Income	<u>\$25,000</u>

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California Cannabis Authority
Initial Budget-UPDATE
July 2017 through June 2018

	<u>Budget</u>	<u>FC DIRECT EXPENSES ACUTAL</u>	<u>CCA EXPENSES ACTUAL</u>
Income			
101 CSAC FINANCE CORP Estimated Expenses	\$125,000		
102 CSAC FINANCE CORP April Approp.	\$0	\$200,000	
Total Income	\$125,000		\$554.93
Interest			
Expense			
601 — CCA Operating Expenses			
601.1 — CCA Audit Services	\$0	\$0	\$0
601.2 — CCA Staff/Board Travel	\$0	\$4,428.36	\$165
601.3 — CCA Legal Services	\$60,000	\$65,304	\$17,000
601.4 — CCA Data Platform Fees	\$31,500	\$31,500	\$0
601.5 — CCA Insurance Premiums	\$0	\$0	\$0
601.6 — CCA Program Marketing	\$0	\$0.00	\$0
601.8 — CCA Board/Other Meetings	\$0	\$0	\$0
601.9 — CCA Bank Fees	\$0	\$0	\$0
601.10 — CCA Website Development	\$10,000	(\$14620- FY 18-19)	\$0
601.11 -- CCA Staff Salary (ED)	\$12,000	\$0	\$16,000
601.12- Telephone/Conference Call	\$0	\$0.00	\$276
601.13 -- Credit Card Fee	\$0	\$0	\$900
			0
Total 601 — CCA Operating Expenses	\$113,500	\$101,232.36	\$34,341
Total 602 — CSAC FC Sponsor Fee	\$0	\$0	
		\$101,232.36	
Total FC Expenses		\$301,232.36	
CCA Account Balance			166,213.93

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Trial Balance-Modified Accrual

Section

Account	Beg Bal	Actuals	End Bal
1000000 Equity in Pooled Cash		166,214.14	166,214.14
** Cash in Treasury		166,214.14	166,214.14
1750005 Prepaid Other		12,000.00	12,000.00
** Prepaid Expenses		12,000.00	12,000.00
*** Assets		178,214.14	178,214.14
2000014 AP Recon-Spec Dist			
** Accounts Payable			
*** Liabilities			
2360525 LT Notes/Loans Pyl-Other		301,232.36-	301,232.36-
* Notes Payable - non current		301,232.36-	301,232.36-
** Unreserved Fund Balance		301,232.36-	301,232.36-
*** Fund Balance		301,232.36-	301,232.36-
4150000 Interest Revenue		554.93-	554.93-
** Revenue-Use of Money and Property		554.93-	554.93-
*** Revenues		554.93-	554.93-
5050095 Credit Card Fees		900.00	900.00
5050215 Maintenance-Software		31,500.00	31,500.00
5050340 Prof & Spec Svcs		86,304.00	86,304.00
5050440 Telephone		275.80	275.80
5050450 Travel Expenses		4,593.35	4,593.35
** Services & Supplies		123,573.15	123,573.15
*** Expenditures		123,573.15	123,573.15
**** Trial Balance			

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**California Cannabis Authority
July 2018 through June 2019 UPDATE**

	<u>Budget</u>
Income	
101 — CSAC FINANCE CORPORATION	\$166,214
102 — CSAC In-Kind Staff Salaries/Travel	\$0
103 — Contract Revenue	\$85,437
	\$0
Total Income	\$251,651
Expense	
601 — CCA Operating Expenses	
601.1 — CCA Audit Services	\$10,000
601.2 — CCA Staff/Board Travel	\$20,000
601.3 — CCA Legal Services	\$96,000
601.4 — CCA Data Platform Fees	\$36,567
601.5 — CCA Insurance Premiums	\$10,000
601.6 — CCA Program Marketing	\$5,000
601.8 — CCA Board/Other Meetings	\$10,000
601.9 — CCA Bank Fees	\$5,000
601.10 — CCA Website Development	\$5,000
601.11 — CCA Staff Salary	\$48,000
	<u>\$245,567</u>
Total 601 — CCA Operating Expenses	\$245,567
Total 602 — CSAC FC Sponsor Fee	\$12,132
	<u>\$257,699</u>
Total Expense	\$257,699
Net Income	-\$6,048

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Attachment Three

Policies & Procedures Memo; CCA Policies & Procedures; Conflict of Interest Disclosure Form

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October 9, 2018

To: California Cannabis Authority (CCA) Board of Directors
From: Cara Martinson, CCA Executive Director

RE: ACTION ITEM: Approval of CCA Policies & Procedures, Conflict of Interest Disclosure Form

BACKGROUND: The attached document is a comprehensive policy that provides necessary policies and procedures for CCA as an organization. The document includes general provisions and policies for workplace issues, conflict of interest policies, document retention and financial policies as well as a travel reimbursement policy. This document, in conjunction with CCA's Joint Powers Agreement and CCA's Bylaws serve as the organization's governing principles and procedures. The second attachment is a Conflict of Interest Disclosure Form.

RECOMMENDATION: Approve the CCA Policies and Procedures and the Conflict of Interest Disclosure Form.

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Policies and Procedures

October 2018

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ARTICLE I. GENERAL PROVISIONS

1.01 BACKGROUND

The California Cannabis Authority (“Authority”) is a Joint Powers Authority established and governed by California Counties pursuant to the Joint Exercise of Powers Act (Gov’t Code § 6500, et. seq.)(The “Act”). The Act authorizes two or more public agencies by agreement to jointly exercise any power common among them, whether together or through an entity separate and apart from each member, and notwithstanding that such joint powers are not exercisable by each contracting party with respect to the geographical area in which such powers are to be jointly exercised. (Gov’t Code § 6502; § 6503.5). Pursuant to the Joint Powers Agreement (“JPA”)(dated January 12, 2018) CCA was established as an entity separate from its member counties to exercise their joint powers for the broad purposes of assisting local governments with their duties in regard to the licensing, enforcement, and taxation of cultivation, manufacturing, retail sale, transportation, storage, delivery, and testing of cannabis and cannabis related activities.

The Authority is structured with County Members operating as a Board of Directors. Other state and local agencies may also join as Participants, who, while not designated members of the Board of Directors, will be provided similar relevant data.

As a small agency, the Authority is currently staffed by independent contractors under terms and conditions set by the Authority’s Board of Directors. The purpose of this Manual is to provide policies and procedures for those personnel areas that are unique to the Authority. The policies and procedures set forth in this manual are guidelines only and are not intended to confer contractual rights upon an employee or to impose contractual obligations on the Authority.

1.02 THE EXECUTIVE DIRECTOR

The Executive Director serves at the direction of the Authority’s Board of Directors pursuant to Resolution of the Board of Directors No. 2018-01 *Executive Director Appointment* (March 22, 2018)(“Appointment”). She is responsible for exercising such power as designated by the Board of Directors pursuant to Resolution No. 2018-02 *Powers Conferred on the Executive Director* (March 22, 2018)(“Powers Conferred”). Those powers generally include the authority to appoint, promote, transfer, discipline, or terminate any employee of the Authority. With respect to an individual who may be jointly employed or by the Authority and a Member County or other Participant, “termination” means that the Executive Director may terminate that person’s assignment to the Authority. The Authority does not guarantee any minimum length of employment or assignment and no supervisor, manager, or any other employee has any authority to make contrary representations.

The provisions of this manual shall be applicable to the Executive Director only to the extent they are not inconsistent with the Appointment or the Powers Conferred. To the extent of any conflict or inconsistency, the Appointment or the Powers Conferred, and not this manual, shall govern the Executive Director’s employment.

The Executive Director, with the authority and direction of the full Board of Directors, has all rights of personnel administration not specifically delegated in this document, including, but not limited to: the exclusive right to determine the administrative goals and objectives of the Authority; set standards of performance; determine the procedures and standards of selection for employment and assignment, and promotion; direct employees; lay off employees because of lack of work or for other legitimate reasons; maintain the efficiency of the Authority's activities; determine the methods, means, and personnel by which the Authority's activities are to be conducted; and exercise control and discretion over the organization of the Authority and the technology required to perform its goals and objectives.

Insofar as is practical, exceptions to these procedures as written will be avoided. However, it is the intent of the Authority to comply with all applicable State and Federal laws. Should any provision of this manual conflict with any State or Federal law, such law shall control. These personnel policies and procedures will be reviewed periodically, and adjustments will be made based on actual experience and economic considerations. In the event of any change to the policies set forth herein, all employees will receive a copy of a written memorandum from the Executive Director, detailing the changes made and the reasons therefore.

ARTICLE II. WORKPLACE ISSUES

2.01 AT WILL EMPLOYMENT

Authority personnel are employed by the Authority or assigned to the Authority on an “at-will” basis. This means that Authority personnel serve at the pleasure of the Executive Director and are not subject to civil service or due process protections. Employment or assignment at-will may be terminated with or without cause and with or without notice at any time by either the employee or the Authority.

Under normal circumstances, the Authority will engage in corrective action and positive discipline to improve an employee’s performance level or behavior on the job. These policies are set forth under Article 11 below. However, nothing in this manual is intended to alter the employment or assignment “at-will” relationship between an employee and the Authority.

2.02 PERFORMANCE EVALUATION AND WORK PLANNING

On-the-job training and work progress should be followed carefully and checked frequently enough to know that the employee understands the job and how it relates to the Authority as a whole. Work planning and performance review are continuous processes and should be documented and discussed with the employee as often as necessary. However, at a minimum, a work planning and performance evaluation shall occur at least once a year for all employees. This evaluation should occur on or about the employee's anniversary date.

The Executive Director may propose a Performance Improvement Program to improve deficiencies in performance. Such Performance Improvement Program is to be considered part of the evaluation program and is not considered disciplinary action.

2.03 HOSTILE WORK ENVIRONMENT

The Authority does not condone or tolerate actions by employees, partners, suppliers or clients that cause a hostile work environment. Such actions should be immediately reported to the Executive Director or, in his/her absence, the General Counsel. Any such actions are dischargeable offenses and may result in the immediate termination of an employee, the cancellation of an agreement with a partner or supplier, or the termination of a relationship with a client. The Executive Director or his/her designee will deal with all such actions that are reported in a reasonable time.

2.04 SEXUAL HARASSMENT

Employees should report any incidences of sexual harassment to the Executive Director, in his/her absence, the General Counsel. The Authority does not condone or tolerate actions by employees, partners, suppliers or clients that are perceived as sexual harassment. Such actions are dischargeable offenses and may result in the immediate termination of an employee, cancellation of an agreement with a partner or supplier, or the termination of a relationship with a client. The Executive Director or his/her designee will deal with all such actions that are reported in a reasonable time.

2.05 RISK MANAGEMENT

The Authority strives to provide a safe working environment for its employees. Employees are encouraged to report any unsafe procedures, equipment or office conditions to the Executive Director.

2.06 EMPLOYEE PROTECTION (WHISTLEBLOWER) POLICY

If any employee reasonable believes that some policy, practice or activity of the Authority is in violation of law, a written complaint must be filed by that employee with the Executive Director or the Board President.

It is the intent of the Authority to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization's goal of legal compliance. The support of all employees is necessary to achieving compliance with various laws and regulations. An employee is protected from retaliation only if the employee brings the alleged unlawful activity, policy or practice to the attention of the Authority and provides the Authority with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described below is only available to employees that comply with this requirement.

Authority will not retaliate against an employee who in good faith has made a protest or raised a complaint against some practice of the Authority that the employee reasonably believes is in violation of a law, or a rule, or regulation mandated pursuant to law or is in violation of a clear mandate of public policy concerning the health, safety, welfare, or protection of the environment.

ARTICLE III. CONFLICT OF INTEREST POLICY

3.01 PURPOSE

Conflict of interest is defined generally as acting in any way contrary to the best interests of the Authority. Officers, agents and employees are expected to exercise good judgment and discretion in evaluating any particular activity so as to avoid any actual or apparent conflict of interest. No employee shall take any action on behalf of the Authority, which they know, or reasonably should know, violates any applicable law or regulation.

The Political Reform Act, Government Code Section 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs., Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference and which may be amended by the Fair Political Practices Commission to conform to amendments to the Political Reform Act after public notice hearings. Therefore, the terms of 2 Cal. Code of Regs., Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the Section 3.02 where officials and designated employees and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the Authority.

Designated employees shall file their statements of economic interest with the Authority which shall make the statements available for public inspection and reproductions. (Gov. Code Section 81008).

3.02 FILING FORM 700

As required by the Political Reform Act of 1974, Members of the Board and designated employees shall file a Form 700, Statement of Economic Interests, disclosing additional sources of income, as well as entertainment, travel and/or gifts accepted.

The position of Board Member, Administrator and Consultant have been designated as those positions subject to provisions of the Conflict of Interest Code in that those positions are the only positions having any substantial responsibility relative to the Authority decision making process or policy. The term Consultant includes the general counsel.

- The categories relative to the types of interests that must be disclosed are based upon the types of financial interests relevant to Authority business which is confined to providing Members and Participants data and other information relevant to commercial cannabis activities in their jurisdictions. Those categories are: Investments and business positions in business entities, and sources of income, of the type to contract with the Authority to supply materials, commodities, supplies, books, machinery, vehicles or equipment utilized by the agency.
- Investments and business positions in business entities, and sources of income, which are contractors, or subcontractors, engaged in the performance of work or services of the

type utilized by the Authority, including but not limited to, insurance companies, carriers, holding companies, underwriters, agents or accounting firms.

- Investment and business positions in business entities, and sources of income, which have files claims, or have claims pending against the Authority.
- Investments and business positions in business entity, and sources of income from bank savings and loans.
- Investments and business positions in, and income from, entities in which the Authority is empowered to invest its funds.
- Interest in commercial real property (or interests in real property used for commercial leasing purposes).

3.03 POLITICAL ACTION

This policy in no manner prohibits membership in any political organization, attendance at meetings, expression of views on political matters nor voting with complete freedom as long as such expressions are not represented as the official viewpoint of this Authority. Therefore:

- Staff members may not use their position with the Authority to promote any specific political action, candidate, or belief.
- Staff members may not use their Authority titles in either written or verbal communications concerning political activities or beliefs.
- Staff members may not use Authority letterhead stationery for personal and/or political correspondence.
- Supervisory employees shall not attempt, through any means, to coerce other staff members into working for or accepting their political beliefs or candidates.
- Staff members may not conduct personal political activity of any kind during working hours, nor use any Authority property, resources or office supplies, while engaged in personal political activity.

3.04 VIOLATIONS OF THE CONFLICTS OF INTEREST POLICY

If the Board of Directors has reasonable cause to believe a Board Member, agent or employee has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the party an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate corrective action.

Any questions regarding a potential conflict of interest or outside work shall be discussed in advance with the Executive Director.

3.05 ANNUAL STATEMENTS

Each Director of the Authority and Authority employee shall annually sign a statement which affirms such person:

- Has received a copy of the conflicts of interest policy
- Has read and understands the policy
- Has agreed to comply with the policy

ARTICLE IV. DOCUMENT RETENTION POLICY

The Authority follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

4.01 CORPORATE RECORDS

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
By-laws	Permanent
Contracts	Permanent
Accounting and Corporate Tax Records	Permanent
Annual Audits and Financial Statements	Permanent
General Ledgers	Permanent
IRS 990 Tax Returns	Permanent
Journal Entries	7 years
Credit Card Receipts	3 years
Bank Records	Permanent
Check Registers	7 years
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years
Employee Records	Permanent
Employment and Termination Agreements	Permanent
General Contracts	3 years after termination

4.02 ELECTRONIC DOCUMENTS AND RECORDS

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder.

ARTICLE V. FINANCIAL POLICIES

5.01 BUDGET POLICY

The budget shall be designed to meet the annual objectives of the Authority as established by the Board of Directors. The budget, therefore, must be carefully organized and planned to insure adequate understanding of the financial needs of the Authority. The final budget will be adopted by the Board by the end of the preceding fiscal year.

Adjustments to the budget shall be approved by the Board. Included with the adjustment will be a description of the reason for the adjustment, and the resulting balance in the account adjusted. Actions approved by the Board resulting in increases or decreases to revenue or expenses will be automatically adjusted in the budget the following month.

5.02 BOOKS AND RECORDS

Pursuant to the terms of the Intellectual Property License, Royalty, and Program Administration Agreement (dated March 22, 2018), CSAC Finance Corporation, at the direction and discretion of the Executive Director, shall maintain the books and records of the Authority. CSAC Finance Corporation shall designate a person to act as the Administrator for this purpose.

(a) Receipts

Receipts are logged into the accounting system according to their source and referenced according to their purpose. Bank reconciliations are performed by the Administrator or outside CPA.

(b) Disbursements

Invoices are presented to the Administrator for review and processing. Any questions concerning the legitimacy of an invoice shall be made to the Executive Director (or if to the Executive Director, the Treasurer). Approved invoices shall be recorded in the books of the Authority and presented, with appropriate supporting documentation and check draft to the Executive Director for approval and signature.

(c) Monthly Report

The Administrator shall prepare a monthly report to the Executive Director itemizing all disbursements and receipts.

(d) Quarterly Report

The Executive Director, in consultation with the Treasurer, shall prepare a quarterly budget-to-actual statement with revenues and expenditures for the quarter and present it to the Board of Directors.

5.03 CREDIT CARDS

Should an employee or agent be issued an Authority credit card, the user shall submit a monthly report to the Executive Director (or if the Executive Director, to the Treasurer) itemizing their expenses with corresponding receipts in support thereof.

5.04 AUDIT

The Authority will annually undergo an audit by a qualified outside auditor.

5.05 ASSET CAPITALIZATION POLICY

(a) Purpose

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets that are to be recorded in Authority's annual financial statements.

(b) Capital Asset Definition

A "Capital Asset" is defined as a unit of property that: (1) has an economic useful life that extends beyond 12 months; **and** (2) was acquired or produced for a cost of \$2,500 or more. Capital Assets must be capitalized and depreciated for financial statement purposes.

(c) Capitalization Thresholds

Authority establishes \$2,500 as the threshold amount for minimum capitalization. Any items costing below this amount should be expensed in Authority's financial statements.

(d) Capitalization Method and Procedure

All Capital Assets are recorded at historical cost as of the date acquired.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense for Authority's annual financial statements. Alternatively, assets with an economic useful life of 12 months or less are required to be expensed for financial statement purposes, regardless of the acquisition or production cost.

(e) Recordkeeping

Invoice substantiating and acquisition cost of each unit of property shall be retained for a minimum of four years.

5.06 INVESTMENT POLICY

(a) Purpose

The purpose of this Investment Policy is to provide a clear statement of the Authority's investment objective, to define the responsibilities of the Board of Directors and any other parties involved in managing the Authority's investments, and to identify permissible investments.

(b) Investment Objective

The overall investment objective of the Authority is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

(c) General Provisions

- All transactions shall be for the sole benefit of the Authority.
- The Directors shall consider updating the Authority's investment policy on an annual basis.
- The Directors shall conduct an annual review of the Organization's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of the Authority's financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board of Directors.
- The Board of Directors will endeavor to operate the Authority's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets [including IRC §4944 if the Organization is classified as a private foundation for federal tax purposes.]

ARTICLE VI. TRAVEL, TRANSPORTATION & ENTERTAINMENT

6.01 TRAVEL

Authority Board Members, agents, and employees travel frequently on behalf of the organization. Good common sense will dictate the best methods for accomplishing this travel. The following guidelines will assist agents and employees in their travel planning.

- The Authority will reimburse the actual costs of travel, including transportation, lodging, meals, entertainment costs and incidental expenses unless otherwise limited by specific employment or consulting contract Receipts are required for all claims, with the following exceptions: bridge and highway tolls, parking meter expenses, hotel gratuities and incidental gratuities.
- The Authority will reimburse for private car mileage at the current rate as set by the Internal Revenue Service.
- The preferred mode of air travel is coach/economy. Airfare will be reimbursed for coach seats. Reimbursements for business class seats or upgrades will be reimbursed at the discretion of the Executive Director when commercially reasonable.
- Board Members, agents and employees seeking reimbursement are encouraged to search for the best available fares when traveling, including airfares, rental cars and hotel rates.
- The Authority reimburses the actual cost of meals, entertainment expenses and hosted activities. The Executive Director should approve any sponsored events at affiliate meetings in advance of the activities.
- Employees are allowed to retain any frequent flyer or frequent traveler points and use these for their personal use. Any frequent traveler programs that result in a refund of cash must be forwarded to the company if the employee was reimbursed for said expenses.

6.02 ENTERTAINMENT EXPENSES

The Authority often entertains public officials, private sector partners and other dignitaries.

All actual costs of entertainment, including but not limited to conference fees, room rentals, meals, reception costs, hosted activities, and sponsorships shall be reimbursed as approved by the Executive Director.

6.03 MEALS

- Meals purchased by and for Authority employees in connection with official business will be reimbursed. Justification for such expenses must be documented on expense reports. Reimbursement will be denied if expense is not documented or is deemed unacceptable.

6.04 EXPENSE REPORTING

- Expenses shall be documented on a form approved by the Executive Director.
- The Executive Director shall review and approve all requests for reimbursement of expenses.
- The Executive Director shall submit expense reports to the President and Treasurer of the Authority for review on a quarterly basis. The President and Treasurer shall acknowledge such receipt and review.
- The Executive Director shall ask the Authority auditor to inspect expense reports and provide any recommended modifications to this policy from time to time.

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Conflict of Interest Policy - Annual Disclosure

1. I have read California Cannabis Authority’s statement of Conflict of Interest Policy.

YES

NO

2. I hold the position of board member, officer, or key employee with the following organizations which potentially could cause a conflict of interest with my position and responsibilities with California Cannabis Authority:

Organization Name:

Position within Organization:

Not Applicable

3. To the best of my knowledge and belief, except as disclosed below, neither I nor any person with whom I have or had a personal, family or business relationship, is engaged in any transaction or activity or has any relationship that may represent a potential competing or conflicting interest, as defined in California Cannabis Authority’s Conflict of Interest Policy.

Disclosure of potential conflict of interest transactions:

Further, to the best of my knowledge and belief, except as disclosed herewith, neither I, nor any person with whom I have had a personal, family or business relationship, or compensated professional relationship, intend to engage in any transaction, acquire any interest in any organization or entity, or become the recipient of any substantial gifts or favors that might be covered by the California Cannabis Authority’s Conflict of Interest Policy.

Executed At _____ City _____ County _____ State _____ Zip _____

Signature _____ Date _____

X
Printed Name of Signatory _____

Title _____ Name of Government Entity _____

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Attachment Four

User Agreements; Vendor Agreement; Notice Documents

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October 10, 2018

To: California Cannabis Authority (CCA) Board of Directors
From: Cara Martinson, CCA Executive Director

RE: INFORMATIONAL ITEM: Review of User & Vendor Agreements & Notice Documents

BACKGROUND: This agenda item contains several attachments, including all CCA User Agreements, our Vendor Agreement and sample noticing documents for Members. Specifically, the attachments include:

- FORM 100 - Member and Participant Terms of Use and Access
- FORM 105 – Terms of Access and Use
- FORM 110 – Additions of Access and Use
- FORM 115 - Change of Designated Administrator
- FORM 120- Deletions of Access and Use
- FORM 200 - Governing Member Terms of Access and Use
- Confidentiality and User Agreement for Vendors
- Sample Notice Letter
- Notice to Cannabis Businesses

RECOMMENDATION: This is an information item.

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Member and Participant Terms of Access and Use

The California Cannabis Authority (the “CCA”) has developed a comprehensive data platform (the “Database”) that not only tracks and traces cannabis and cannabis products through the chain of production to consumption, but also payments among commercial partners and to various state and local agencies, other commercial cannabis participants, as well as provide sophisticated data analytics designed to support Member and Participant regulatory and tax compliance efforts.

CCA collects information from the State of California and directly from persons engaged in commercial cannabis businesses. This information is strictly confidential and not subject to public disclosure. Similarly, CCA will during the regular course of operating and maintaining the Database, collect certain information from Users, which is also strictly confidential and not subject to public disclosure. CCA is committed to protect this information from unauthorized access, use, or disclosure.

By signing this form, the undersigned (“User”) represents that they have read and understand these Terms of Access and Use of the CCA Database.

Designated Administrator and Subordinate Users

Each Member and Participant of the CCA shall be provided a Member/Participant Master Account (the “Account”) and will identify an administrative user name and password for the Account. (CCA reserves the right to refuse registration of a user name or cancel passwords in the event either one is deemed inappropriate or insecure in CCA’s sole discretion).

Each Member/Participant may designate one employee to act as an administrator of the Account (the “Administrator”). The administrator may authorize additional Subordinate Users, who each shall be subject to these Terms of Access and Use.

The Member/Participant shall monitor the Administrator’s use of the Database to ensure compliance with these Terms of Access and Use and in turn, the Administrator shall monitor any other authorized Users to ensure their compliance with these Terms of Access and Use. The Member/Participant understands and that they are ultimately responsible for the use of the account and the data derived therefrom by their designated employees.

Terms of Use:

The undersigned Users understand and agree to the following responsibilities in regard to their access to and use of the CCA Database:

1. Access to the Database is restricted to authorized Users who have acknowledged these Terms of Access and Use by adding their name and signature below.
2. Users may only access the Database when necessary to accomplish the responsibilities of their employment. No User may access or use information derived from the Database for personal or other reasons than the official duties of their employment. The User shall not access the Database for any other purpose. CCA, in its sole discretion, reserves the right to restrict, suspend, or terminate a User’s Database account without notice or liability to ensure the security of the Database and limit unauthorized access or use thereof.

3. No User will allow access to or use of data derived from the Database by persons other than those who are authorized by CCA and who have signed this form acknowledging the terms of permissible use.
4. The Administrator shall be responsible for notifying CCA when a User leaves employment or otherwise whose job responsibilities no longer warrant access to the Database so that login credentials can be removed or otherwise modified to avoid unauthorized access.
5. User agrees to comply with applicable federal and state laws and regulations, including, without limitation, patient confidentiality, privacy and security laws, HIPAA, and HITECH.
6. Users will not disclose any information derived from their use of the Database to anyone other than those individuals who have been authorized to receive it, except that such information may be disclosed to those acting in an official capacity in connection with official regulatory, tax, or law enforcement action.
7. Users shall take reasonable precautions to maintain the secrecy of their login credentials to the Database. Reasonable precautions include, but are not limited to, not telling or allowing others to view their login credentials, securing their mode of access by a locking device if one has been provided, not leaving their mode of access unattended without logging out of the Database, storing user access information in a secure place, storing any information derived from the Database in a secure location, destroying any information extracted from the Database when no longer in use in a manner that renders it inaccessible, reproduceable, or identifiable whether in physical or electronic form, and reporting any suspicious circumstances or activities of persons which might expose information from the Database or access to the Database by unauthorized persons.
8. Users will promptly notify the direct supervisor of any indication of misuse or unauthorized disclosure of information obtained from the Database.
9. Users will not, directly or indirectly reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying structure, ideas, know-how or algorithms relevant to the Database, its documentation or any software, documentation, or data related to the Database.
10. User shall prevent unauthorized use or access to the Database or of unauthorized access to or use of any data derived from the Database. User shall promptly report to CCA any incident involving access to the Database or use of its data not permitted by this agreement of which it becomes aware. If an individual gains access to data in the Database for which he or she has not been approved, User agrees to limit any further use or disclose the data, promptly notify CCA, and take immediate steps to prevent any further exposure of the data and recurrence of the disclosure or unauthorized access.

ACKNOWLEDGEMENT OF MEMBER / PARTICIPANT

I certify under penalty of perjury, under the laws of the State of California, that I have read and understand the security policies of CCA as stated above. I understand that failure comply with these Terms of Access and Use may result in disciplinary action in accordance with state and federal laws and/or civil or criminal prosecution in accordance with applicable laws. I further understand that I may undergo disciplinary action from my employer up to and including termination from employment for violation of these Terms of Access and Use.

Executed At	City	County	State	Zip
Signature			Date	
X				
Printed Name of Signatory				
Title		Name of Government Entity		

This form must be completed by each Member and Participant upon presentation and prior to being provided access to the Database. This form must be re-certified annually, RETAINED AT THE WORKSITE of the Member/Participant, and a copy provided to CCA.

DESIGNATED ADMINISTRATOR

I have read and understand the policies of the Terms of Access and Use. I understand that failure to comply with these policies may result in disciplinary action in accordance with Section 19572 of the Government Code, applicable federal laws and regulations, and/or civil or criminal prosecution in accordance with applicable state or federal law.

PRINTED NAME	TITLE	SIGNATURE	DATE

AUTHORIZED USERS

I have read and understand the policies of the Terms of Access and Use. I understand that failure to comply with these policies may result in disciplinary action in accordance with Section 19572 of the Government Code, applicable federal laws and regulations, and/or civil or criminal prosecution in accordance with applicable state or federal law.

PRINTED NAME	TITLE	SIGNATURE	DATE

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Terms of Access and Use

The California Cannabis Authority (the “CCA”) has developed a comprehensive data platform (the “Database”) to provide Member Counties with comprehensive data regarding commercial cannabis activities within their jurisdictions. CCA’s data platform will track commercial cannabis at every stage of the chain of production to consumption, as well as payments among commercial partners and to various state and local agencies, other commercial cannabis participants, and include sophisticated data analytics designed to support Member and Participant regulatory and tax compliance efforts.

CCA collects information from the State of California and directly from persons engaged in commercial cannabis businesses. This information is strictly confidential and not subject to public disclosure. Similarly, CCA will, during the regular course of operating and maintaining the Database, collect certain information from Users, which is also strictly confidential and not subject to public disclosure. CCA is committed to protect this information from unauthorized access, use, or disclosure.

By signing this form, the undersigned (“User”) represents that they have read and understand these Terms of Access and Use of the CCA Database.

Terms of Access and Use:

The undersigned User understands and agrees to the following responsibilities in regard to their access to and use of the CCA Database:

1. Access to the Database is restricted to authorized Users who have acknowledged these Terms of Access and Use by adding their name and signature below.
2. Users may only access the Database when necessary to accomplish the responsibilities of their employment. No User may access or use information derived from the Database for personal or other reasons than the official duties of their employment. The User shall not access the Database for any other purpose. CCA, in its sole discretion, reserves the right to restrict, suspend, or terminate a User’s Database account without notice or liability to ensure the security of the Database and limit unauthorized access or use thereof.
3. No User will allow access to or use of data derived from the Database by persons other than those who are authorized by CCA and who have signed this form acknowledging the terms of permissible use.
4. The Administrator shall be responsible for notifying CCA when a User leaves employment or otherwise whose job responsibilities no longer warrant access to the Database so that login credentials can be removed or otherwise modified to avoid unauthorized access.
5. User agrees to comply with applicable federal and state laws and regulations, including, without limitation, patient confidentiality, privacy and security laws, HIPAA, and HITECH.
6. Users will not disclose any information derived from their use of the Database to anyone other than those individuals who have been authorized to receive it, except that such information may be disclosed to those acting in an official capacity in connection with official regulatory, tax, or law enforcement action.

7. Users shall take reasonable precautions to maintain the secrecy of their login credentials to the Database. Reasonable precautions include, but are not limited to, not telling or allowing others to view their login credentials, securing their mode of access by a locking device if one has been provided, not leaving their mode of access unattended without logging out of the Database, storing user access information in a secure place, storing any information derived from the Database in a secure location, destroying any information extracted from the Database when no longer in use in a manner that renders it inaccessible, reproduceable, or identifiable whether in physical or electronic form, and reporting any suspicious circumstances or activities of persons which might expose information from the Database or access to the Database by unauthorized persons.
8. Users will promptly notify the direct supervisor of any indication of misuse or unauthorized disclosure of information obtained from the Database.
9. Users will not, directly or indirectly reverse engineer, decompile, disassemble or otherwise attempt to discover the source code, object code or underlying structure, ideas, know-how or algorithms relevant to the Database, its documentation or any software, documentation, or data related to the Database.
10. User shall prevent unauthorized use or access to the Database or of unauthorized access to or use of any data derived from the Database. User shall promptly report to CCA any incident involving access to the Database or use of its data not permitted by this agreement of which it becomes aware. If an individual gains access to data in the Database for which he or she has not been approved, User agrees to limit any further use or disclose the data, promptly notify CCA, and take immediate steps to prevent any further exposure of the data and recurrence of the disclosure or unauthorized access.

ACKNOWLEDGEMENT OF USER

I certify under penalty of perjury, under the laws of the State of California, that I have read and understand the security policies of CCA as stated above. I understand that failure comply with these Terms of Access and Use may result in disciplinary action in accordance with state and federal laws and/or civil or criminal prosecution in accordance with applicable laws. I further understand that I may undergo disciplinary action from my employer up to and including termination from employment for violation of these Terms of Access and Use.

Executed At	City	County	State	Zip
Signature	Date			
X				
Printed Name of Signatory				
Title		Name of Government Entity		

This form must be completed by each User prior to being provided access to the Database. This form must be re-certified annually, RETAINED AT THE WORKSITE of the Member/Participant, and a copy provided to CCA.



ADDITIONS OF ACCESS AND USE

Pursuant to the terms of the Designated Access and Use Agreement, I submit the following changes:

Governmental Entity	Member/Participant/Administrator Name

ADDITION OF AUTHORIZED USERS

The following persons shall be added as Users of the CCA database. The persons identified below have read, understand, and executed a Terms of Access and Use agreement, which is attached hereto. No person shall be provided access to the CCA Database without a current, executed Terms of Access and Use agreement on file with CCA.

NAME/TITLE	EMAIL ADDRESS

ACKNOWLEDGEMENT OF MEMBER / PARTICIPANT or DESIGNATED ADMINISTRATOR

Executed At	City	County	State	Zip
Signature	Date			
X				
Printed Name of Signatory				
Title		Name of Government Entity		



CHANGE OF DESIGNATED ADMINISTRATOR

Pursuant to the terms of the Designated Access and Use Agreement, I submit the following change to the Designated Administrator for the following:

Governmental Entity	Member/Participant Name

CHANGE OF DESIGNATED ADMINISTRATOR

The following person shall be the Designated Administrator for the above designated Member / Participant. Any previous designation of Administrator is hereby revoked. The person identified below has read, understands, and has executed a Terms of Access and Use agreement, which is attached hereto.

Name: _____

Title: _____

Email Address: _____

ACKNOWLEDGEMENT OF MEMBER / PARTICIPANT

Executed At	City	County	State	Zip
Signature				Date
X				
Printed Name of Signatory				
Title		Name of Government Entity		



DELETIONS OF ACCESS AND USE

Pursuant to the terms of the Designated Access and Use Agreement, I submit the following changes:

Governmental Entity	Member/Participant/Administrator Name

DELETION OF AUTHORIZED USERS

The following persons shall be DELETED as Users of the CCA database. The persons identified below have left County service or their duties no longer require access to the CCA database.

NAME/TITLE	EMAIL ADDRESS

ACKNOWLEDGEMENT OF MEMBER / PARTICIPANT or DESIGNATED ADMINISTRATOR

Executed At	City	County	State	Zip
Signature	Date			
X				
Printed Name of Signatory				
Title		Name of Government Entity		



Governing Member and Participant Terms of Access and Use

The California Cannabis Authority (the “CCA”) has developed a comprehensive data platform (the “Database”) that not only tracks and traces cannabis and cannabis products through the chain of production to consumption, but also payments among commercial partners and to various state and local agencies, other commercial cannabis participants, as well as provide sophisticated data analytics designed to support Member and Participant regulatory and tax compliance efforts.

CCA collects information from members of the public engaged in cannabis related businesses (“CRBs”) as well as from the State of California. This information is strictly confidential and not subject to public disclosure. Similarly, CCA will during the regular course of operating and maintaining the Database, collect certain information from Users, which is also strictly confidential and not subject to public disclosure. CCA is committed to protect this information from unauthorized access, use, or disclosure.

As a Member or Participant who participates in the governance of CCA you may be provided access to CRB data beyond that which is relevant to the administration of your local regulatory, tax, and law enforcement duties or of which does not have a substantial nexus to cannabis related activity within your jurisdiction.

By signing this form, you acknowledge that your access to CRB data from sources without a substantial nexus to cannabis related activity within your jurisdiction shall be used only for official CCA business and for no other purpose.

ACKNOWLEDGEMENT OF GOVERNING MEMBER / PARTICIPANT

I certify under penalty of perjury, under the laws of the State of California, that I have read and understand the limited nature of my access to the CCA Database as member of the governing body of CCA. I understand that failure comply with these Terms of Access and Use may result in my loss of access and that of my Member/Participant jurisdiction.

Executed At	City	County	State	Zip
Signature				Date
X				
Printed Name of Signatory				
Title	Name of Government Entity			



CONFIDENTIALITY AND USER AGREEMENT FOR VENDORS

This Confidentiality and User Agreement (“Agreement”) is made between Vendor, as identified below pursuant to signature (“Vendor”) and the California Cannabis Authority (“CCA”)(collectively the “Parties”) in which Vendor hereby agrees to the following terms and conditions.

I. RECITALS

A. Authority and Approval

Authority to enter into this Agreement is based on County authority to exercise inherent police powers not in conflict with state laws (Cal. Const. Art. XI, § 7), the authority of counties to exercise common powers pursuant to the Joint Exercise of Powers Act (Cal. Gov’t Code § 6500, et. seq.), and the delegation of such authority to CCA, an entity separate and distinct from its members, pursuant to the Joint Powers Agreement (“JPA”)(dated January 12, 2018). The Medicinal and Adult Use Regulation and Safety Act (MAUCRSA), expressly recognizes the vital role local governments play in California’s system of closely regulating commercial cannabis activities by establishing a dual licensing structure conditioning state licensure on compliance with local ordinances and regulations. (See Bus. & Prof. Code § 26055(d), §26060(b)(2), §26066).

Furthermore, Members of CCA, which are counties within the State of California, have each adopted local ordinances or other rules or regulations requiring Licensees to provide relevant data regarding their commercial cannabis activities to the CCA, including internal point of sale or accounting systems data used by locally licensed commercial cannabis businesses.

B. Consideration

The Parties acknowledge that the mutual promises and covenants contained herein, and other good and valuable consideration are sufficient and adequate to support this Agreement.

C. Purpose

Each Member and Participant of CCA has adopted or will timely adopt an ordinance for the licensure, regulation, and/or taxation of commercial cannabis activity within their jurisdiction. Pursuant to such local ordinances and related rules and regulations, Licensees are required to provide all relevant data regarding their commercial cannabis activities to CCA.

The JPA authorizes the CCA to, among other things, create a comprehensive data platform that not only tracks and traces cannabis and cannabis products through the chain of production to the retailer, but also payments among commercial partners and to various state and local agencies, as well as provide sophisticated data analytics designed to support local regulatory and tax compliance efforts. Pursuant to agreement dated April 4, 2018, CCA has contracted with NCS Analytics, Inc. to provide that data platform (the “CCA Data Platform or NCS application”).

Licensee information provided to the CCA Data Platform, however, is confidential and is exempt from disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section

6250) of Division 7 of Title 1 of the Government Code). (See Cal. Bus. & Prof. Code § 26067(a)(6).)

CCA has agreed to permit Licensees to communicate information electronically to and from the CCA Data Platform through Vendor’s System or Services via an Application Programming Interface (“API”). But, this permission is valid only if the Vendor enters into an agreement to protect the confidentiality of the Licensee’s data, the integrity of CCA’s Data Platform design and processes, adhere to the security requirements and standards set forth below, and such other conditions as may be required by this Agreement.

II. EFFECTIVE DATE AND NOTICE OF NONLIABILITY

This Agreement shall not be effective or enforceable until it is approved and signed by all Parties. CCA shall not be liable for the performance of any of its obligations hereunder or be bound by any provision hereof prior to the Effective Date.

By entering into this Agreement, Vendor hereby agrees that CCA is under no obligation to appropriate funds for, or to make any payments to, Vendor or any Licensee for any reason, including but not limited to the purpose of reimbursing Vendor or Licensee for any payments, costs, or expenses Vendor or any Licensee may make or incur, including, without limitation, any such payments, costs, or expenses made or incurred pursuant to any agreement between Vendor and any Licensee. Nor shall any provision in this Agreement be construed as imposing or conferring liability on CCA for any expenses Vendor or Licensee may make or incur in connection with this Agreement or the performance of this Agreement. Vendor expressly waives any claims asserting liability against CCA in connection with this Agreement or their performance under this Agreement.

III. DEFINITIONS

A. A. API

“API” means the Application Programming Interface designed, developed, and maintained by NCS, or any successor organization.

B. B. API Key

“API Key” means an alphanumeric token generated through the CCA Data Platform/NCS application to gain programmatic access to it and allow for automatic electronic communication of data and information between Vendor’s System and the CCA Data Platform/NCS application. Each token generated is specific to the Vendor and the individual licensee the Vendor has authority to provide data for. The key may be deactivated and auto-regenerated routinely based on terms established between the CCA and NCS and is issued by NCS.

C. CCA

The “CCA” or the “California Cannabis Authority” is a Joint Powers Authority established to develop and manage a statewide data platform. The platform will assist counties that are regulating commercial cannabis activity by consolidating data from different channels in to one resource to help local governments ensure maximum regulatory and tax compliance. In addition, the platform will help to facilitate banking services to the cannabis industry by

providing necessary information to financial institutions to help them fulfill necessary compliance requirements. <should this be written as plans to help facilitate?>

D. Confidential Information

“Confidential Information” means all information, data, records, and documentary materials which are of a sensitive nature regardless of physical form or characteristics, and includes, but is not limited to, non-public records, sensitive data, protected data, PII Data, and other information or data concerning individuals and Licensees which has been communicated, furnished, or disclosed by the CCA to Vendor. Confidential information includes but is not limited to any information obtained by Vendor through the interface between the System and the CCA Data Platform/NCS application. Confidential Information may also include any information disclosed to Vendor by the CCA Data Platform/NCS application or the CCA, either directly or indirectly, in writing, orally, or through the communication of data through the API, whenever or however disclosed, including but not limited to: (i) names, addresses, or records of consumers' personal information; (ii) consumer information or data; (iii) PII Data; (iv) PCI Data; (v) any other information that should reasonably be recognized as related to PII Data of consumers; (vi) inventory tracking data, reports, or records related to the cultivation, manufacture, distribution, or sale of medical or retail marijuana or marijuana product (vii) business plans and performance related to the past, present or future activities of such party, its affiliates, subsidiaries and affiliated companies; (viii) all types of Licensee data, including but not limited to, names and lists of other license holders, service providers, or affiliates; (ix) business policies, practices, and procedures; (x) names of employees; (xi) and any other information that should reasonably be recognized as related to business conducted by Licensee.

E. Commercial Cannabis Activity

“Commercial Cannabis Activity” means the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery or sale of cannabis and cannabis products.

F. Incident

“Incident” means an accidental or deliberate event that results in or poses a threat of the unauthorized access, loss, disclosure, modification, disruption, or destruction of communication and information resources of the CCA. Incidents include, but are not limited to: (i) successful attempts to gain unauthorized access to the CCA Data Platform/NCS application or Confidential Information regardless of where such information is located; (ii) unwanted disruption or denial of service; (iii) the unauthorized use of CCA Data Platform/NCS application for the processing or storage of data; (iv) any unauthorized access by any person to Confidential Information, or (v) changes to the CCA Data Platform/NCS application hardware, firmware, or software characteristics without the CCA’s knowledge, instruction, or consent.

G. Licensee

“Licensee” means a person holding a license issued a city, County or City and County, for the operation of commercial cannabis activities.

H. Licensee Data

“Local Licensee Data” means data derived from commercial cannabis activity required to be reported by a Licensee to a local jurisdiction pursuant to local ordinance.

I. Local jurisdiction

“Local jurisdiction” means a city, county, or city and county.

J. NCS

“NCS” means NCS Analytics, Inc., a Delaware Corporation engaged by the CCA to host and maintain the CCA Data Platform, and also includes any successor organization.

K. Participant

A “Participant” is other non-county (or non-city and county) Public Agencies that do not qualify as a Member of the CCA but choose to participate by executing an agreement with the CCA.

L. PCI Data

“PCI Data” means payment card information data. That is, any data related to card holders' names, credit card numbers, or other credit card or financial information as may be protected by State and/or federal law.

M. Personally Identifiable Information (PII) Data

“Personally Identifiable Information (PII) Data” means information about an individual collected by NCS, the CCA, or any other entity that could reasonably be used to identify such individual and includes, but is not limited to, any combination of (i) first and last name, (ii) first name or first initial and last name, (iii) residence or other physical address, (iv) electronic mail address, (v) telephone number, (vi) birth date (viii) social security number, (ix) driver’s license number, (x) identification card number, or (xi) any other information that identifies an individual personally.

N. Subcontractor

“Subcontractor” means any third party engaged by the Vendor to aid in performance of the Vendor’s obligations to a Licensee or Subscriber.

O. System

“System” means the secondary software system provided by Vendor for use by Licensee. Such Systems may be used to collect information to be used by the Licensees in operating their businesses, including, but not limited to, secondary inventory tracking and point of sale systems.

P. Vendor Agreement

“Vendor Agreement” means an agreement between a Licensee and Vendor entered into for the purpose of providing a System or Services to the Licensee.

Q. Vendor Services

“Vendor Services” means the services to be performed by Vendor to Licensee pursuant to the Vendor Agreement in connection with the provision, operation or maintenance of the System.

IV. AUTHORIZATION

The CCA has authorized NCS to provide an API Key to Vendor for each Licensee required to provide commercial cannabis information to CCA pursuant to local law which permits Vendor’s System to access the API for the purposes of communicating information to the CCA Data Platform/NCS application. Vendor must successfully complete any necessary training and competency testing prior to being provided an API Key.

This Agreement, and Vendor's rights and obligations hereunder, shall not be assigned without the prior written consent of the CCA, which may be approved or denied in the CCA's sole discretion. Vendor agrees that notwithstanding any contrary provision in a Vendor Agreement, and in keeping with the CCA's obligation to maintain the confidentiality of Licensee data and information, Vendor expressly waives and shall not be entitled to seek or obtain injunctive, equitable or other relief against the CCA or NCS to compel the furnishing of any API Key to Vendor. The Vendor agrees to operate in good faith and with fair dealing at all times when providing a System or Vendor Services that interface with the CCA Data Platform/NCS application.

V. CONFIDENTIALITY

Vendor shall comply with and shall cause each of its agents, employees, Subcontractors, permitted assigns and any other individual or entity assisting with Vendor's provision of a System or Services to Licensee to comply with the provisions of this "Section V" if that person will or may have access to Confidential Information in connection with its performance, which obligations shall survive the termination of this Agreement.

A. Confidentiality

Vendor shall keep all Confidential Information confidential at all times, to ensure compliance with all laws and regulations concerning confidentiality of Confidential Information. Any request or demand, including subpoenas, by a third party for Confidential Information in the possession or control of Vendor shall be immediately forwarded to the CCA's principal representative by the recipient of the request. The CCA shall have the right to move to quash any subpoena received from a third party seeking Confidential Information in the possession or control of Vendor, whether the subpoena is directed to Vendor or the CCA. Vendor agrees to cooperate with the CCA, if requested, in proceedings related to any motion to quash a subpoena, at no expense to the CCA.

B. Protection

Vendor is responsible for the protection and security of all Confidential Information provided to it by CCA or which is accessible using the API Key. If Vendor provides physical or logical storage, processing or transmission of, or retains, stores, or is given, Confidential Information, Vendor shall, and shall cause its agents, employees, Subcontractors, and permitted assigns to, (i) provide physical and logical protection for all related hardware, software, applications, and data that meet or exceed industry standards and requirements as set forth in this Agreement; (ii) maintain network, system, and application security, which includes, but is not limited to, network firewalls, intrusion detection (host and network), and annual security testing; (iii) comply with State and federal regulations and guidelines related to overall security, confidentiality, integrity, availability, and auditing; (iv) ensure that security is not compromised by unauthorized access to computers, program, software, databases, or other electronic environments; and (v) report all Incidents immediately, and all attempted Incidents on an annual basis to the CCA.

Vendor shall provide CCA with access, subject to Vendor's reasonable access security requirements, seven (7) days a week, twenty-four (24) hours a day, for the purpose of inspecting and monitoring access and use of Confidential Information and evaluating physical and logical security control effectiveness. As set forth in Section II of this Agreement, CCA shall not be

responsible for any expenses incurred in connection with this Agreement, including, but not limited to, Vendor's expenses related to compliance with this section.

C. Notification

Vendor shall provide its agents, employees, Subcontractors, and permitted assigns who will or may come into contact with Confidential Information with a written explanation of the confidentiality requirements herein, to which they are subject, prior to permitting any such individual to access such Confidential Information.

D. Incident Notice

If Vendor becomes aware of an Incident involving any Confidential Information, it shall notify the CCA immediately and cooperate with the CCA regarding recovery, remediation, and the necessity to involve law enforcement, if any. Unless Vendor establishes that neither Vendor nor any of its agents, employees, Subcontractors, or permitted assigns was the cause or source of the Incident, Vendor shall be responsible for the cost of notifying each person whose Confidential Information may have been compromised by the Incident.

E. Incident Remediation

Vendor, at its sole cost, shall be responsible for determining the cause of an Incident, and for producing a remediation plan to reduce the risk of a similar Incident in the future. Vendor shall present its analysis and remediation plan to the CCA within ten (10) days of notifying the CCA of an Incident. The CCA reserves the right to adjust this plan, in its sole discretion. If Vendor cannot produce its analysis and plan within the allotted time, the CCA, in its sole discretion, may perform such analysis and produce a remediation plan, and Vendor shall timely reimburse the CCA for the reasonable costs thereof.

F. Incident Liability

Disclosure of Confidential Information by Vendor or any of its agents, employees, Subcontractors, or permitted assigns for any reason may be cause for legal action by third parties (including Licensee(s)) against Vendor, the CCA, or their respective agents. Vendor shall indemnify, save, and hold harmless the CCA, its employees, and agents against any and all claims, damages, liability, and court awards including costs, expenses, and attorney fees incurred as a result of any act or omission by Vendor, or its employees, agents, Subcontractors, or assignees pursuant to this Section V. Notwithstanding any other provision of this Agreement, Vendor shall be liable to the CCA for all direct, consequential and incidental damages arising from an Incident caused by Vendor or its agents, employees, Subcontractors, or permitted assigns.

G. End-of-Agreement Data Handling

Upon request by the CCA made before or within sixty (60) days after the effective date of termination of the Agreement, Vendor will make available to the CCA a complete and secure download file of all data, including, but not limited to, all Confidential Information, schema and transformation definitions, or delimited text files with documented, detailed schema definitions along with attachments in their native format. All such data shall be encrypted and appropriately authenticated.

H. Safeguarding PII Data

If Vendor or any of its agents, employees, Subcontractors, and permitted assigns will or may receive PII Data under this Agreement, Vendor shall provide for the security of such PII Data, in a form acceptable to the CCA, including, without limitation, non-disclosure, use of appropriate technology, security practices, computer access security, data access security, data storage encryption, data transmission encryption, security inspections, and audits. Vendor shall take full responsibility for the security of all PII Data in its possession or in the possession of its agents, employees, Subcontractors, or permitted assigns, and shall hold the CCA and NCS harmless for any damages or liabilities resulting from the unauthorized disclosure or loss thereof.

I. Safeguarding PCI Data

If Vendor or any of its agents, employees, Subcontractors, and permitted assigns will or may receive PCI Data under this Agreement, Vendor shall provide for the security of the PCI Data, in accordance with the following:

1. Vendor must adhere to the Payment Card Industry Data Security Standard (PCI DSS). Vendor is responsible for the security of cardholder data in its possession. The data may only be used to assist CCA in fulfilling its obligations under the JPA or for other uses specifically authorized by law.
2. Vendor must notify CCA (within 24 hours of discovery) of any breaches in security where cardholder data has been compromised. In that event, provider must provide full cooperation to the card associations (e.g. Visa, MasterCard, and Discover) and state acquirer representative(s), or a PCI approved third party, to conduct a thorough security review. Vendor must provide, at the request of CCA, the results of such third-party security review. The review must validate compliance with the PCI DSS for protecting cardholder data. At the CCA's sole discretion, the State may perform its own security review, either by itself or through a PCI approved third party.
3. Vendor is responsible for all costs incurred as the result of the breach. Costs may include, but are not limited to, fines/fees for non-compliance, card reissuance, credit monitoring, and any costs associated with a card association, PCI approved third party, or State or CCA initiated security review.
4. Without limiting Vendor's obligations of indemnification as further described in this Agreement, Vendor must indemnify, defend, and hold harmless CCA for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from CCA in connection with the breach.
5. Vendor must dispose of cardholder data when it is no longer needed in compliance with PCI DSS policy. Vendor must continue to treat cardholder data as confidential upon termination of this Agreement.
6. Vendor must provide CCA with an annual Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing the Vendor is in compliance with the PCI DSS. Vendor must notify the State of all failures to comply with the PCI DSS.

J. API Key Revocation

A violation of this section or any of the terms of this Agreement including the failure to report or notify CCA of any Incident may result in the deactivation or revocation of the Vendor API Key.

Misrepresentation or knowingly entering false information into the system could result in the revocation of the Vendor API Key.

VI. Ownership

CCA data, which for purposes of this Agreement shall mean all data collected, used, processed, stored, or generated in connection with the System or Services and transmitted to the CCA Data Platform/NCS application, is and will remain the sole and exclusive property of CCA and all rights, title, and interest in the same is reserved by CCA. Vendor is provided a limited license to CCA data for the sole and exclusive purpose of providing the Vendor Services, including a license

to collect, process, store, generate, and display CCA data only to the extent necessary in the provision of the Vendor Services.

Vendor expressly agrees that the NCS application is, and shall remain, the sole and exclusive property of NCS Analytics, Inc., with all title and rights of ownership therein. Nothing contained in this Agreement shall be construed as a sale of the NCS application or any portion thereof to Vendor.

VII. BREACH

A. Defined

In addition to any breaches specified in other sections of this Agreement, the failure of Vendor to perform any of its material obligations hereunder in whole or in part or in a timely and satisfactory manner constitutes a breach. The institution of proceedings under any bankruptcy, insolvency, reorganization, or similar law, by or against Vendor, or the appointment of a receiver or similar officer for Vendor or any of its property, which is not vacated or fully stayed within twenty (20) days after the institution or occurrence thereof, shall also constitute a breach. Breach also shall occur upon Vendor's unauthorized use, disclosure or retention of Confidential Information. Vendor shall, within 24 hours, provide the CCA with written notice of the institution of proceedings under any bankruptcy, insolvency, reorganization, or similar law, by or against Vendor, or the appointment of a receiver or similar officer for Vendor or any of its property.

B. Notice and Cure Period

In the event of a breach, notice of such shall be given in writing by the aggrieved party to the other party by hand-delivery with receipt required or sent by certified or registered mail to such party's principal representative at the address set forth below. If sent by certified or registered mail, notice shall be deemed received two business days after the date of mailing as reflected on the postmark. In addition to but not in lieu of a hard-copy notice, notice also may be sent by email to the e-mail addresses, if any, as set forth below. Any Party may from time to time designate by written notice substitute addresses or persons to whom such notices shall be sent.

California Cannabis Authority
Executive Director
Cara Martinson
1100 K Street, Suite 101
Sacramento, CA 95814

Vendor:
Name and title of person:
Company Name:
Address:
Email address:

If such breach is not cured within thirty (30) days of receipt of written notice, or if a cure cannot be completed within thirty (30) days, or if cure of the breach has not begun within thirty (30) days and pursued with due diligence, the CCA may exercise any of the remedies set forth in Section VIII. Notwithstanding any provision to the contrary herein, the CCA, in its sole discretion,

need not provide advance notice or a cure period and may immediately deactivate Vendor's API Key if the CCA determines such action is warranted to maintain the confidentiality of Confidential Information.

VIII. REMEDIES

If Vendor is in breach under any provision of this Agreement, the CCA shall have all of the remedies listed in this Section VIII, in addition to all other remedies set forth in other sections of this Agreement following the notice and cure period set forth in Section VII.B. The CCA may exercise any or all of the remedies available to it, in its sole discretion, concurrently or consecutively.

A. Termination for Cause and/or Breach

The CCA may terminate this entire Agreement or any part of this Agreement. Exercise by the CCA of this right shall not be a breach of its obligations hereunder. Vendor shall continue performance of this Agreement to the extent not terminated, if any.

1. Obligations and Rights

To the extent specified in any termination notice, Vendor shall take timely, reasonable, and necessary action to protect and preserve Confidential Information in the possession or control of the Vendor. All Confidential Information in the possession or control of Vendor shall be immediately returned to the CCA as specified in this Agreement and Vendor shall certify that no copies of Confidential Information remain in the possession or control of Vendor.

2. API Key Deactivation

Irrespective of any period set forth in Section VII.B, immediately upon any breach of this Agreement, the CCA may request NCS deactivate Vendor's API Key. Vendor agrees that the API Key does not constitute a license and expressly waives any rights associated with the provision of a license in California. Vendor specifically agrees it has no right to a hearing or other legal or administrative process regarding the deactivation of the API Key.

3. Damages

Notwithstanding any other remedial action by the CCA, Vendor shall remain liable to the CCA for any damages sustained by the CCA by virtue of any breach under this Agreement by Vendor.

B. Early Termination in the Public Interest

The CCA is entering into this Agreement for the purpose of carrying out the policy set forth by the local jurisdictions of California, as determined by being a member or participant of the California Cannabis Authority. If this Agreement ceases to further the public policy of the CCA, the CCA, in its sole discretion, may deactivate Vendor's API Key and terminate this Agreement. Exercise by the CCA of this right shall not constitute a breach of the CCA's obligations hereunder.

C. Remedies Not Involving Termination

The CCA, in its sole discretion, may exercise one or more of the following remedies in addition to other remedies available to it:

1. Removal

Notwithstanding any other provision herein, the CCA may demand immediate removal of any of Vendor's employees, agents, Subcontractors or permitted assigns whom the CCA deems

incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable, or whose continued relation to this Agreement is deemed to be contrary to the public interest or the CCA's best interest.

2. Intellectual Property

If Vendor infringes on a patent, copyright, trademark, trade secret, or other intellectual property right while performing the Vendor Services or providing the System, Vendor shall, at the CCA's option (a) obtain the right to use such products and Services; (b) replace any goods, Services, or product involved with non-infringing goods, Services or products or modify such goods, Services or products so that they become non-infringing; or (c) if neither of the foregoing alternatives are reasonably available, remove any infringing goods, Services, or products.

IX. OTHER PROVISIONS

A. Indemnification

Vendor shall indemnify, save, and hold harmless the CCA and NCS Analytics, its employees, and agents against any and all claims, damages, liability, and court awards including costs, expenses, and attorney fees incurred as a result of any act or omission by Vendor, or its employees, agents, Subcontractors, or assignees pursuant to the terms of this Agreement.

B. B. INSURANCE

Vendor and its Subcontractors shall obtain and maintain insurance as specified in this section at all times during the term of this Agreement. All policies evidencing the insurance coverage required hereunder shall be issued by insurance companies satisfactory to the CCA. Vendor shall require each contract with Subcontractors providing a System or Services in connection with this Agreement, to include insurance requirements substantially similar to the following:

1. Worker's Compensation

Worker's compensation insurance as required by state statute, and employer's liability insurance covering all Vendor or Subcontractor employees acting within the course and scope of their employment.

2. General Liability

Commercial general liability insurance covering premises operations, fire damage, independent contractors, products and completed operations, blanket contractual liability, personal injury, and advertising liability, with minimum limits as follows: (a) \$1,000,000 each occurrence; (b) \$1,000,000 general aggregate; (c) \$1,000,000 products and completed operations aggregate; and (d) \$50,000 any one fire. If any aggregate limit is reduced below \$1,000,000 because of claims made or paid, Vendor and/or Subcontractor shall immediately obtain additional insurance to restore the full aggregate limit and furnish the CCA a certificate or other document satisfactory to the CCA showing compliance with this provision.

3. Primacy of Coverage

Coverage required of Vendor and Subcontractor shall be primary over any insurance or self-insurance program carried by the CCA or NCS Analytics.

4. Cancellation

The above insurance policies shall include provisions preventing cancellation or nonrenewal without at least 30 days prior notice to Vendor, and Vendor shall forward such notice to the CCA within seven days of Vendor's receipt of such notice.

5. Subrogation Waiver

All insurance policies in any way related to this Agreement and secured and maintained by Vendor or its Subcontractors as required herein shall include clauses stating that each carrier shall waive all rights of recovery, under subrogation or otherwise, against the CCA, its agencies, institutions, organizations, officers, agents, employees, and volunteers.

6. Certificates

Vendor and all Subcontractors shall provide certificates showing insurance coverage required hereunder to the CCA within seven business days of the Effective Date of this Agreement. No later than 15 days prior to the expiration date of any such coverage, Vendor and each Subcontractor shall deliver to the CCA certificates of insurance evidencing renewals thereof. In addition, upon request by the CCA at any other time during the term of this Agreement or any subcontract, Vendor and each Subcontractor shall, within 10 days of such request, supply to the CCA evidence satisfactory to the CCA of compliance with the provisions of this Section IX.B.

C. Jurisdiction and Venue

All suits or actions related to this Agreement shall be filed and proceedings held in the County of Sacramento, in the State of California.

D. Choice of Law

California law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Agreement. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this Agreement, to the extent capable of execution.

E. Entire Understanding

This Agreement represents the complete integration of all understandings between the parties and all prior representations and understandings, oral or written, are merged herein. Prior or contemporaneous additions, deletions, or other changes hereto shall not have any force or effect whatsoever, unless embodied herein.

This Agreement may be executed in one or more counterparts, each counterpart to be considered an original portion of this Agreement, and all of which together shall constitute a single instrument. Facsimile and Portable Document Format ("PDF") copies of the Parties' signatures shall be treated as originals.

The Parties have caused their duly authorized representatives to execute this Agreement as of the date set forth above.

Vendor: _____
Signature: _____
Print name: _____
Title: _____

California Cannabis Authority
Signature: _____
Print name: _____
Title: _____

October 2, 2018

County of _____ Cannabis Licensee/ Permit Holder

RE: NOTICE OF DATA SHARING – CALIFORNIA CANNABIS AUTHORITY (CCA)

Dear _____ County License Holder/Temporary State Licensee (EXAMPLE),

You are receiving this notice to inform you of that the County of _____ has become a member of the California Cannabis Authority (CCA), a Joint Powers Authority (JPA)/ public entity created amongst county governments to develop and manage a statewide data platform to compile and analyze cannabis regulatory and fiscal data. The goal of CCA is to provide local regulators with accurate, real-time information to ensure for a fair and well-regulated commercial cannabis market at the local level.

As a member of CCA, the County requires transmittal of commercial cannabis data from your cannabis software vendor (seed to sale tracking, and/ or dispensary point of sale) to the CCA data platform through a direct connection, either an Application Program Interface (“API”) connection or other means. Similar to the state of California’s requirement to participate in their California Cannabis Track-and-Trace (CCTT) system, the county of _____ will require a connection to the CCA data platform to be in compliance with _____ county’s cannabis ordinance.

CCA has contracted with NSC Analytics, a technology firm specializing in cannabis data management to create and manage the CCA data platform. The NCS Platform is a secure analytics platform capable of aggregating and analyzing diverse data streams. NCS has released its API Documents. This is the manual for how your 3rd Party Vendor and the CCA data platform will connect to one another. In an effort to make it easier on your software system provider, the CCA API looks and acts very similarly to the METRC API used by the State of California. CCA is reaching out to 3rd Party Vendor Systems to establish connections and ensure that your data is timely submitted in a secure manner. Your data will be held confidential and only be viewable by authorized county personal.

This letter is to provide you notice that the county of _____ will require this connection. Please contact your 3rd Party Vendor to ensure that they are working with CCA. Attached to this letter is notice document providing more detailed information. Please contact _____ for more information. To learn more about CCA, please visit www.cca.ca.gov.

Sincerely,

_____ County

NOTICE TO ALL CANNABIS RELATED BUSINESSES

The California Cannabis Authority (“CCA”) is a Joint Powers Authority established among California Counties pursuant to State law to, among other things, create a comprehensive data platform that not only tracks cannabis data and cannabis products through the chain of production to consumption, but also payments among commercial partners and to various state and local agencies, and other commercial cannabis participants, as well as provide sophisticated data analytics designed to support local cannabis regulatory and tax compliance efforts.

As a member of CCA, and pursuant to [LOCAL REFERENCE AUTHORITY] and California Business and Professions Code Section 26200, the County hereby gives notice to all commercial cannabis businesses licensed within the County, that each licensee, as a condition of maintaining good standing with the County and a valid County license for the conduct of commercial cannabis business, shall connect to the California Cannabis Authority’s data platform (“Platform”) for recording all applicable commercial cannabis activities within the County.

Applicable commercial cannabis activities required to be provided is identified on the County’s web site at [COUNTY WEB ADDRESS] as well as CCA’s web site www.cca.ca.gov.

To facilitate reporting commercial cannabis activities, CCA will have an approved third-party integrator list of vendors approved for API (Application Program Interface) access to the CCA data platform. The API ensures that the appropriate data will be transferred securely and automatically to CCA. That approved vendor list can be found here: <https://cca.ca.gov/resources/approved-3rd-party-software-providers/>.

The API employs numerous security features including encryption, secure sockets, and several others to ensure that the data is safe in transit and in the database. (See [County Ordinance or other Authority] and California Business & Professions Code Sec. 26030(f) and 26032).

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