NOTICE OF MEETING & AGENDA

I.  9:30 am  Opening Remarks  
   Supervisor Estelle Fennell, CCA President

II. 9:35  PROCEDURAL ITEMS
   1. Roll Call
   2. Approval of Minutes

III. 9:40  Organizational Update
   Cara Martinson, Executive Director, CCA

IV. 10:10 2019-2020 Strategic Planning & Goals
   Cara Martinson, Executive Director, CCA

V. 10:40  Break

VI. 10:45  ACTION ITEMS
   1. Approval of Revenue Model
   2. Approval of FY 2019-20 Budget
   Cara Martinson, Executive Director, CCA
   Jim Hamilton, CCA Treasurer

VII. 11:45 pm  Break

VIII. 12:00  Working Lunch Discussion: Facilitating Access to Financial Services
   Cara Martinson, Executive Director, CCA
   Adam Crabtree, Founder & CEO, NCS Analytics

IX. 12:30  Contract Review: CCA Executive Director
   Cara Martinson, Executive Director, CCA

X. 12:50 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.

XI. 1:00  Closing Comments & Adjournment
ATTACHMENTS

Attachment One............................CCA Minutes Memo & Minutes October 2018-May 2019
Attachment Two.........................Organizational Update Memo
Attachment Three .......................CCA Objectives 2018-19
Attachment Four .........................Budget Memo & FY 2019-20 Budget
Attachment Five ........................Facilitating Access to Financial Services Memo
Attachment Six ..........................Executive Director Contract Memo & Contract
Attachment One
CCA Minutes Memo; Minutes October 2018- May 2019
June 21, 2019

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 Fall Board Meeting held on October 17th, 2018 and the Board Conference calls held on November 16, 2018, January 18, 2019, February 15th, March 15th, April 12th, and May 10, 2019.

RECOMMENDATION: Approve the Minutes of the CCA Board Meeting and Conference Calls.
January 18, 2019
President Fennell called the meeting to order at 11:00 a.m.

1. **Roll Call.**
   - X Supervisor Estelle Fennell, Humboldt County, CCA President
   - X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
   - X Jim Hamilton, TT Collector/ Auditor Controller, SLO, CCA Treasurer, CCA Board Member
   - X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
   - X Supervisor Don Saylor, Yolo County, CCA Board Member
   - X Alisha McMurtrie, Treasurer-Tax Collector, Inyo County, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, Justin Cooley, John Bartholomew, Humboldt County Treasurer Tax Collector, CCA Alternate, Ed Burnham, Yolo County Accounting Manager.

2. **ACTION ITEM: Appointment of CCA Treasurer.** Approved. Motion: Mary Zeeb; Second: Shari Schapmire. SLO County Treasurer Tax Collector Jim Hamilton was elected as the new Treasurer for CCA, filling the open slot left by the former SLO County Treasurer Tax Collector Jim Erb.

3. **UPDATE on Internal Operations & Membership.** CCA retained the firm of Clifton, Larson & Allen to help satisfy the State Controller’s fiscal transaction report requirement for the JPA’s 2017-2018 budget and finances. The firm is a Sacramento-based firm that the county of San Luis Obispo recommended. Staff indicated that they have outreached to Contra Costa, Alameda and Lassen County about joining the JPA and set up meetings with county staff to talk more about the organization. CCA has also signed Vendor agreements with several more Third Party Vendors, including Trellis, Grow Flow and LeafOps. Staff also reported that they are working to develop a marketing and social media outreach plan. CCA staff reported that they are working with the CSAC Communications team, and will be working together to develop communication tools and potentially video to help promote CCA. Staff will also be developing a Facebook presence in addition to the existing CCA twitter page.

4. **Form 700 Requirements.** Greg Turner, CCA Counsel reported to the Board that he is working with the FPPC to determine what type of Form 700 requirements the Board falls under. It is staff’s understanding that disclosure requirements, if not already covered by Board Member’s existing Form 700s, are narrow in scope and only relate to the reporting of interests in cannabis businesses. Counsel is seeking clarification and will report back to the Board.
5. **Monterey County Status Update.** Monterey County also gave notice to their cannabis businesses in December that they must connect with CCA by January 15th. They gave their cannabis operators approximately six weeks to connect to CCA. CCA Board Member Mary Zeeb reported that the onboarding process is going well and both CCA staff and county staff are fielding calls and emails from businesses. NCS will also be conducting in-person training in Monterey in the coming month. CCA staff noted that the outreach they did in the previous months with the Industry Association groups was helpful in providing operators with a better understanding of CCA and what we are doing.

6. **Other Items & Next Meeting.** The Board set the next call for February 15th at 11am, and directed staff to develop a schedule of meetings for the year to be reviewed by the Board. Once the meeting schedule is finalized, staff will send out calendar invites for Board Members.

7. **Public Comment.** No Public Comment.
February 15, 2019
President Fennell called the meeting to order at 11:00 a.m.

1. Roll Call.
   - Supervisor Estelle Fennell, Humboldt County, CCA President
   - Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
   - Jim Hamilton, TT Collector/ Auditor Controller, SLO, CCA Treasurer, CCA Board Member
   - Shari Schapmare, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
   - Supervisor Don Saylor, Yolo County, CCA Board Member
   - Alisha McMurtrie, Treasurer-Tax Collector, Inyo County, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, Planning Director, Humboldt County, Susan Stachan, Yolo County Cannabis Program Manager for Yolo County

2. UPDATE on Internal CCA Operations & Membership. Staff reported that the CCA auditing firm, Clifton, Larson & Allen filed the appropriate paperwork for CCA’s Financial Transaction Report with the State Controller’s Office. The firm is finalizing a review of CCA’s financials for 2017-18 as well. Staff will bring their report to the Board for adoption once finalized. Staff reported that CCA has six approved 3rd Party Vendor Agreements and is currently working with another five vendors. Staff updated the website to reflect the vendors that CCA is connected to via an API connection. These integrations will make it easier for businesses to transmit data to CCA. Staff continues to outreach to interested counties, including Lassen County. Staff also reported on the new state appointment to the position of Senior Advisor to the Governor on cannabis issues. Nicole Elliot, formerly from City/County of San Francisco was appointed to act as the liaison between state regulatory agencies and local governments. Staff is reaching out to set up a meeting. Staff will pick up our CCA- METRC MOU conversations with Governor Newsom’s new staff.

3. UPDATE on Member County Status & Timelines. CCA Member Counties gave status reports on their regulatory programs and their timeline for connecting and onboarding with the CCA Platform. Yolo County reported that they have approximately 50-60 licensed cultivators. Susan Stachan is heading up the licensing program. The Yolo Board is working on the land use ordinance. Humboldt County reported that they have approximately 700 businesses operating under temporary permits and they are working their way through them. They have approximately 370 businesses fully licensed. All of these operators are paying taxes. Humboldt County staff reported that they collected approximately $16.9m in taxes in 2017 and that collection does vary by billing cycle. There will be two installments in 2018, and there is a potential movement towards annual billing. Humboldt County also mentioned that they are transitioning off SIPCA, their local track and trace program. They intend to notice their businesses soon regarding the requirements to connect to CCA. Inyo County reported
that they have several operators within the county and they are working with the state to ensure that these operators receive provisional and annual licenses. San Luis Obispo reported that they started issuing local licenses in January. They also reported that their land use process is taking some time, including Minor Use and Conditional Use permit processing. Background checks are going through the Sherriff’s department. Mendocino County reported that they have two new Supervisors and that some education and outreach to these Members will be necessary and welcomed. CCA Staff offered to do a presentation to the Board, or meeting with individual members. Monterey County reported that the onboarding process to CCA is going well. Operators are responding and CCA and NCS are working with Monterey County staff to input all their operators into the CCA Platform.

4. **City Working Group & Tax Apportionment.** CCA staff reported that they met with the City of San Diego to talk about CCA and tax apportionment issues. CCA Counsel, Greg Turner committed to drafting a memo on tax apportionment so that businesses can understand the law, and local jurisdictions can contemplate apportionment for cannabis tax purposes. CCA staff plans to connect with other cities that are regulating to talk in more depth about taxation and apportionment.

5. **LEGISLATIVE REQUEST FOR INFORMATION- State & Local Licensing.** CCA staff reported to the Board on the pending introduction of a legislative vehicle to extend state temporary permits. While local jurisdictions worked with the Administration at the end of the previous legislative session to pass SB 1459 (a measure that gives local jurisdictions additional time to get through the CEQA process and creating the new provisional annual license category) the state did not ask for additional time to get through their transition of state temporary licenses to provisional and annual licenses. Staff is requesting information regarding the status of operators with state temporary licenses in CCA Member counties and how many are in danger of expiring. Staff is working with Legislature, and the Administration to identify solutions.

6. **Public Comment.** No Public Comment.
March 15, 2019
President Fennell called the meeting to order at 11:00 a.m.

1. **Roll Call.**
   - **X** Supervisor Estelle Fennell, Humboldt County, CCA President
   - **X** Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
   - **X** Jim Hamilton, TT Collector/Auditor Controller, SLO, CCA Treasurer, CCA Board Member
   - **X** Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
   - **X** Supervisor Don Saylor, Yolo County, CCA Board Member
   - **X** Alisha McMurtrie, Treasurer-Tax Collector, Inyo County, CCA Board Member

Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, Justin Cooley, John Bartholomew, Humboldt County Treasurer Tax Collector, CCA Alternate, Members of the Public: Courtney Bailey, Holly Carter, Kirsten Nepal from Mendocino and Humboldt counties.

2. **ACTION ITEM: Accept CCA Financial Statement Audit.** Approved. Motion: Mary Zeeb; Second: Supervisor Saylor. Staff took a roll call vote and the Board unanimously approved the audited financial statements.

3. **UPDATE on Internal CCA Operations & Membership.** CCA staff reported on the City Working Group meeting that they held with San Diego and Sacramento. The conversation revolved around San Diego’s Cannabis Apportionment Ordinance and how apportionment works. Staff explained how the CCA platform works and how the data we collect would help inform these transactions and issues. CCA counsel also updated the Board on conversations with the FPPC about form 700 requirements. Counsel reported that Board Members will not need to file, but the CCA Executive Director and Counsel will. Specifically, staff will need to file for property connected to either CCA acquisitions or rental property. CCA will need to notice this change to staff and file with the FPPC.

   Staff reported that they scheduled a meeting with Riverside County to talk about joining the JPA and will be meeting with county staff in the next month. Staff also reminded the Board that there is an April Cannabis Conference scheduled in Sacramento. It is sponsored by the same company that puts on the Denver Marijuana Management Symposium. CCA will be helping to sponsor this event and has a registration discount code for CCA members and staff that are interested in attending.

   Member Counties held a brief roundtable discussion about the status of their regulatory programs. Humboldt County reported that they are working with SIPCA on a branding program. Yolo County invited CCA staff to present at their cannabis industry meeting. Adam, NCS Analytics CEO will be working with San Luis Obispo to schedule a demo of the platform.
4. **UPDATE on CCA-CDFA MOU.** Alan Fernandes of the CSAC Finance Corporation reported on a meeting he had with the Governor’s Cabinet Secretary, Ana Matosantos on the CCA MOU. Alan met with Ana regarding staff’s previous conversations with the CA Department of Food & Agriculture and provided background and context of our negotiations to date with the previous Administration and regulatory agencies. It was a positive meeting and there will be follow-up from the Governor’s newly appointed Advisor on cannabis issues. It was noted that while CCA had tentative agreement on an MOU last year, we have a new Administration and conversations will need to include background for the new Administration, including additional demonstrations of the platform. CCA staff has a meeting the following week with all regulatory agency heads and the new Administration on how to work collaboratively together moving forward.

5. **Legislative Update.** Staff reported on the status of SB 67 (McGuire) and the Administration’s potential efforts to provide for a quicker and more efficient process to transition state temporary licenses to provisional and annual licenses. SB 67 was heard in the Senate Business and Professions Committee and successfully passed out of Committee. The Administration did not send a representative to the hearing, despite a request from the author. It appears the Administration may be working on an administrative approach rather than supporting a legislative fix.

6. **Public Comment.** Members of the public announced themselves on the call. Comments focused on urging the CCA Board to not impose additional burdens or costs on the industry.
CCA Board Meeting
Via Conference Call
April 12, 2019
MINUTES

April 12, 2019
President Fennell called the meeting to order at 9:00 a.m.

1. Roll Call.
   X Supervisor Estelle Fennell, Humboldt County, CCA President
   X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
   X Jim Hamilton, TT Collector/ Auditor Controller, SLO, CCA Treasurer, CCA Board Member
   X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
   X Supervisor Jim Provenza, Yolo County, CCA Board Member Alternate
   X Alisha McMurtie, Treasurer-Tax Collector, Inyo County, CCA Board Member

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

2. Legislative Update. CCA staff updated the Board on the Administration’s action to expedite the transition of temporary state licenses to provisional and annual licenses. Staff reported that the state cannabis licensing agencies will be issuing provisional annual licenses to businesses who’s temporary licenses have expired and who also have submitted an annual application (although, may not be complete). They will also be prioritizing businesses who’s temporary permits are about to expire. It is staff’s understanding that licensing agencies will not be contacting local jurisdictions for the local authorization on these applications, but verification that CEQA is underway (per SB 1459, Chapter 857, Statutes of 2018) is required. The Department will be communicating with counties about how this will be done. The state is assuring cannabis businesses that this will be done in an expedited fashion to avoid expiring licenses and to keep the continuity of the market place stable in California.

   Staff also brought two additional bills to the attention of the Board, including AB 1356 (Ting) and AB 1525 (Bradford). AB 1356 would mandate that local communities issue retail cannabis permits in spite of clear and unambiguous local control provisions included in Proposition 64. CSAC is opposing this measure. Finally, staff indicated that they are working with Assembly Member Bradford on his AB 1525, which seeks to help facilitate banking services to the cannabis industry by sharing data.

3. UPDATE on Internal CCA Operations & Member. Staff reported that CCA helped to sponsor a successful regulatory conference in Sacramento. The conference was attended by some CCA Member county staff and had good county representation. CCA staff met with Riverside County during the conference to discuss the JPA. Riverside staff explained their Development Agreement Approach to cannabis regulation and their lack of a tax measure. San Luis Obispo and Yolo County indicated that they are noticing their businesses and gave timeframes of May 15th and 29th
respectively for operators to connect to the CCA Platform. Humboldt County indicated that they are
taking their ordinance to their Planning Commission for updates in the May/June timeframe. This is
a necessary step for them to accomplish prior to noticing their cannabis businesses. CCA staff
indicated they are working on a communications video promotion of CCA and should be able to
share with the Board in May/early June.

4. **Conflict of Interest Policy.** Greg Turner, CCA Counsel, updated the Board on the revised Conflict of
Interest Policy. The revised policy includes updated disclosure categories, including: Category 1:
Investments and business positions in business entities, and income (including receipt of loans, gifts,
and travel payments), from sources of the type that contract with the Authority to supply goods,
services, materials, or supplies; Category 2: Interests in real property located within the Authority’s
jurisdiction of the type purchased or leased by the Authority for its use. The revised policy was
included in the agenda packet for the Board’s reference.

5. **CCA, NCS, Accela Partnership Opportunities.** Adam Crabtree, CEO NCS Analytics, updated the Board
on his conversations with Accela, a licensing software platform. Accela is also the vendor the state
uses to manage their licensing system. NCS is exploring ways to work with Accela to improve the
CCA Platform functionality for CCA Members.

6. **Public Comment.** Thomas Moudler identified himself on the call and urged the Board to be cautious
of additional fees on the industry. He also urged CCA to hold an in-person meeting in Humboldt
County.
CCA Board Meeting
Via Conference Call
May 10, 2019
MINUTES

May 10, 2019
President Fennell called the meeting to order at 11:00 a.m.

1. Roll Call.
   X Supervisor Estelle Fennell, Humboldt County, CCA President
   X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
   _____ Jim Hamilton, TT Collector/Auditor Controller, SLO, CCA Treasurer, CCA Board Member
   X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
   X Supervisor Jim Provenza, Yolo County, CCA Board Member Alternate
   _____ Supervisor Don Saylor, Yolo County, CCA Board Member
   _____ Alisha McMurtrie, Treasurer-Tax Collector, Inyo County, CCA Board Member

   Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, Justin Cooley for San Luis Obispo County, John Bartholomew, Humboldt County Treasurer Tax Collector, CCA Alternate, Kristina Parson, Susan Strachan for Yolo County

1. Legislative Update. Staff reported to the Board on the Governor’s May Revision of the state budget. In January, the Administration expected the excise tax to generate $355 million in 2018-2019 and $514 million in 2019-2020. The May Revision has downgraded this revenue forecast to $288 million for 2018-2019 and $359 million for 2019-2020. Staff reminded the Board that, under Proposition 64, revenue is continuously allocated to the Cannabis Fund and prioritized in the following way. Priority funding goes to the administration and enforcement of California’s legalized cannabis regulatory framework. Next, funds go to specified cannabis legalization research programs and equity programs. Finally, remaining funds go to youth education, prevention, early intervention, and treatment; environmental restoration; and public-safety related activities.

   Staff stated that revenues for this new industry are hard to predict, therefore the flow of funding to these programs is subject to change. However, given the Administrations estimated revenue of $288 million to the Cannabis Fund for 2018-2019, the Administration is proposing roughly $89 million in administrative costs and a remaining $198 million for research, equity, youth education, public health, environmental clean-up, and public safety programs. Several of these allocations will be of interest to counties, including:

   - $15 million for grants to local governments to create and administer local equity programs.
   - $26 million to the Board of State and Community Corrections for a competitive grant program for local governments that have not banned cannabis to fund public health and safety programs, including, but not limited to, local partnerships focused on prevention and intervention.
programs for youth, and efforts to support collaborative enforcement efforts against illegal cannabis cultivation and sale.

Finally, the May Revision includes statutory language to address technical, clean-up issues related to streamlining provisional licenses, enhance the equity grant program established in Chapter 794, Statutes of 2018 (SB 1294), strengthen administrative penalties for unlicensed cannabis activity, and extend the existing CEQA exemption for local cannabis ordinances.

2. UPDATE on Internal CCA Operations, Membership & Outreach a. San Luis Obispo County – May 15th b. Yolo County – May 29th. Staff reported that both Yolo County and San Luis Obispo County gave their operators notice that they must start transmitting data to CCA in May. Staff is working with the counties to onboard to the platform and will be conducting trainings with the appropriate staff over the next several months to connect counties with the platform and its features. Staff also reported that they are continuing to work with the Administration on a revised MOU regarding METRC data. Staff met with Nicole Elliot, the Governor’s new appointee for cannabis issues and will be continuing to meet with her and other state regulatory heads to finalize the details of our data integration. Staff also reported on a meeting with Riverside County CAO and senior cannabis staff. Staff was joined by NCS for a demonstration of the platform. Riverside County reported that they are taking an alternative approach to regulation, specifically through the development agreement process and have not and do not plan to pass a tax measure. They also envision the licensing process taking up until the end of the year. The county expressed interest in our work, but deferred to a later date to continue the conversation about joining the JPA.

Staff also reported on a number of outreach efforts CCA engaged in over the month, including a booth at the CSAC Legislative Conference, and a presentation to the Central Coast Cannabis Managers meeting in Monterey County. Staff also reported on the CSAC FC April meeting and the presentation staff and CCA Secretary, Mary Zeeb made to the CSAC FC Board. The CSAC FC Board continues to express support for CCA, and was very encouraged by our progress. The CSAC FC Board also voted to appropriate $200,000 in ongoing financial start-up resources to the organization. This funding will be payable (as other start-up funds from CSAC FC have been) back to the organization through our existing fiscal structure. Finally, counties reported on the status of their cannabis programs.

3. Freedom of Information Act/ Public Records Act Requests. Greg Turner, CCA Counsel, reported that he responded to several PRA/FOIA requests made to CCA. Staff indicated that they would respond to these types of requests, but would also let member counties know as they occur. Information and data that CCA collects is generally not subject to the Public Records Act, per Proposition 64.

4. Tax Apportionment. Greg Turner, CCA Counsel, reported to the Board on the Tax Apportionment Memo that was included in the packet. Counsel outlined the law and how it applies to counties in California that differing tax structures. Staff indicated that they would share counsel’s memo with city and state representatives to clarify the issue.

5. June CCA Board Meeting. – Staff shared an outline of a draft agenda and logistics for the CCA in-person Board meeting the following month in Monterey. Staff indicated that the primary focus and action item for the meeting would be to consider and reaffirm the revenue model and a 2019-20 budget. Staff indicated that the meeting would follow a similar structure to the CCA 2018 fall meeting in Yolo County, and that staff would work with Monterey County staff and CCA Board
Members to develop a meaningful agenda and program, with the potential for a tour option. Staff also indicated that they would be reserving hotel rooms for CCA Board Members as CCA pays for Board travel. Staff would also be sending out a draft agenda and meeting details in the following weeks.

6. **Public Comment.** No public comment.
October 17, 2018
President Fennell called the meeting to order at 9:00 a.m.

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


3. Organizational Update. CCA Executive Director, Cara Martinson gave an update on the operations of CCA, focusing on progress made over the previous six months and goals for the second half of FY 2018-19. The focus was centered on connecting Member counties to the platform and beginning the data collection process. Staff reported that a top priority of the organization continues to be accessing METRC data and finalizing an MOU with the state. Board Member questions and dialogue focused on interactions with the industry, and CCA education and outreach efforts, including focus on the potential for connecting businesses with financial institutions. Discussion also included working with cities and outreach to cities within Member Counties. Finally, the discussion included dialogue about CCA’s access to different data sets, including sales tax information. Supervisor Saylor directed staff to draft strategic goals for the organization and distribute to the Board.

4. Adjustment to reflect FY 2017-18 Budget Actuals; Approve FY 2018 - 19 Budget Adjustment. Approved. Motion: Supervisor Saylor; Second: Mary Zeeb. CCA Treasurer, Jim Erb outlined the CCA budget process and the fiscal relationship between CCA and the CSAC Finance (CSAC FC) Corporation. The Treasurer noted CSAC FC’s financial contribution of $200,000 for operating funds primarily for FY 2018-19, and direct expenses incurred by CSAC FC in 2017-18. It was noted that CCA accounting will need to create subaccounts when bills are sent to members and participants to differentiate who is paying what. Staff noted that CSAC FC paid for the CCA website directly in FY 2018-19. This was done primarily due to timing. The website was anticipated to be paid for prior to the initial $200,000 appropriation from CSAC FC to CCA in the end of the FY 2017-18.

   The Treasurer committed to working with staff to address this and ensure accurate reflection in the budget. He suggested that CSAC FC invoice CCA for website expenditures. All CCA expenditures
should be made by CCA. In addition, CSAC FC CEO Alan Fernandes detailed the CSAC FC relationship with CCA and the partnership. He noted the role of CSAC FC and their charge of helping to create and support businesses that provide assistance and services to counties. The CSAC FC, CCA fiscal relationship is outlined in a contract that was approved by the CCA Board in March 2018. CSAC FC will continue to provide additional management, accounting and sponsorship support to CCA.

Motion was made to accept the budget adjust $10, 073 (amount exceeded) for 2017-18 and Approval of 2018-19 budget. Motion: Supervisor Saylor; Second: Mary Zeeb.

5. **Review & Approval of CCA Policies & Procedures; Conflict of Interest Disclosure Form.** Approved. Motion: Mary Zeeb; Second: Jim Erb. The Board received an update from CCA Counsel, Greg Turner on the CCA policies and procedures documents in the packet as well as the conflict of interest disclosure forms. Comments from Board members included reference to the CCA investment policy and that is should reflect our fund accountant, San Luis Obispo’s Investment Policy. Counsel also mentioned that the document will need to be updated to reflect insider trading rules as the Board may have access to sensitive market information. Counsel committed to including that additional and bringing the policy back to the Board at a later date.

6. **Review of User & Vendor Agreements & Noticing Documents.** CCA Counsel reviewed the User Agreement documents included in the agenda packed. Questions were raised about how the User Administrator should be identified or selected. Staff explained that Board members had the ability to delegate the Administrator role to staff that would be responsible for organizing system users within Member counties.

7. **CCA System Training & Overview.** Adam Crabtree, NCS Analytics CEO and CCA Technology Vendor, gave the CCA Board and attendees a demonstration of the platform and its capabilities. Board Members had questions about how to input information; how data was collected; what sources of data NCS had access to in other states; how banks accessed data and how counties could input their own data into the system. Adam explained that cannabis businesses must give their approval for their data to be shared with a financial institution. In addition, Adam explained that METRC data is a potential data source, as well as state and local tax information and the platform also uses other open source data sets, built into its predictive analytics, to generate reports and flags. The connection to the businesses Third Party Software Systems is also a key data source as it’s important for data verification and redundancy.

8. **Roundtable with State Regulators:**

   Richard Parrott, Director of CalCannabis Cultivation Licensing Division, Lori Ajax, Chief, Bureau of Cannabis Control. Richard Parrott and Lori Ajax joined the CCA Board and updated the group on the status of final state regulations. They were not able to share specific information regarding changes to the regulations as they were slated to be released in the coming weeks. However, they stated that they took all comments into consideration when updating the draft for final release. The Regulators gave a general overview of the status of regulation thus far since the passage of Proposition 64, and the process and progress with the state temporary licenses and verification with local jurisdictions. The CCA Board asked questions about data sharing, the pending regulations related specifically to delivery and the status of the CCA MOU with state licensing agencies. The Regulators committed to working collaborative with CCA moving forward.

9. **Public Comment.** A member of the public, identifying themselves as part of the cannabis community, attended and spoke to the Board about the need for a collaborative relationship with
local regulators, in addition they expressed interested in the work that CCA was doing. A representative from SIPCA attended the meeting and referenced the fact that they were a vendor to Yolo, Mendocino and Humboldt counties. They attended the meeting to observe.
November 17, 2018
President Fennell called the meeting to order at 9:00 a.m.

1. Roll Call.
   X Supervisor Estelle Fennell, Humboldt County, CCA President
   X Mary Zeeb, Treasurer-Tax Collector, Monterey County, CCA Secretary
   X Jim Hamilton, TT Collector/ Auditor Controller, SLO, CCA Treasurer Elect, Alternate
   X Jim Erb, TT Collector/ Auditor Controller, SLO, CCA Treasurer
   X Shari Schapmire, Treasurer-Tax Collector, County of Mendocino, CCA Board Member
   X Supervisor Don Saylor, Yolo County, CCA Board Member
   X Supervisor Jim Provenza, Yolo County, CCA Board Alternative
   X Alisha McMurtrie, Treasurer-Tax Collector, Inyo County, CCA Board Member

   Others: Cara Martinson, Adam Crabtree, Alan Fernandes, Greg Turner, Justin Cooley, Susan Stachan

2. Update on Internal Operations & Membership. Staff welcomed Inyo County as the newest member of CCA, and specifically Alisha McMurtrie as the new Board Member from Inyo County. Staff reported on a successful trip to the Denver Marijuana Management Symposium. Cara and Adam gave a joint presentation to the conference on banking challenges and how CCA is working in California to attempt to address some of these issues. In addition, CCA announced the first signed 3rd Party Vendor Agreement with BioTrack. Staff is working with several other 3rd Party Vendors to integrate systems, including Leaflogix and Flourish. Staff and the Board also gave a special thank you and farewell to Jim Erb, as it was his last meeting. He is moving to Kings County to work for the county as the Chief Fiscal Officer. The Board welcomed Jim Hamilton, the SLO County Treasurer Tax Collect Elect as the new SLO CCA Board Member.

3. Notice Documents & Outreach. Staff discussed the draft notice document that was sent out to Member Counties for the review. The Board discussed the work load associated with direct contact with local operators and the interface between CCA, the county and NCS Analytics. Board Members did issue caution that notice documents could solicit significant feedback, including emails and calls for the Executive Director. Staff indicated that they would triage calls and emails and pass inquiries onto Member Counties and NCS as appropriate. Staff also indicated that they would re-evaluate as more Member Counties provided notice to businesses and adjust point of contact as needed. Staff also indicated that they would provide technical assistance to counties to help tailor messaging as needed. Finally, staff mentioned that they would continue to outreach to industry groups and coalitions to help provide information to operators about CCA.
4. **DISCUSSION of User Agreements & Staff Training.** CCA Counsel, Greg Turner discussed finalizing User Agreements for Counties. In addition, CCA Technology Vendor, Adam Crabtree offered to provide both webinar and in-person training for Member Counties as they planned to on-board with the Platform.

5. **Other Items & Next Meeting.** The Board agreed to forgo a December Board Call and instead schedule a webinar training on the Platform for any available Board Members in December. Staff committed to follow-up with a scheduling request for webinar dates.

6. **Public Comment.** No Public Comment.
Attachment Two
Organizational Update Memo
June 21, 2019

To: California Cannabis Authority (CCA) Board of Directors  
From: Cara Martinson, CCA Executive Director  
RE: California Cannabis Authority (CCA) Organizational Update 2018-19

Background. The California Cannabis Authority (CCA) was established in January 2018, with the adoption of a Joint Powers Agreement (JPA) by San Luis Obispo and Monterey County. Since that time, the organization has grown and developed with the addition of County JPA Members; CCA staff, including a contract Executive Director and Legal Counsel; start-up finances provided by the CSAC Finance Corporation (CSAC FC); and a contract with NCS Analytics to develop and manage the CCA data platform. Over the past year, CCA moved steadily towards its goal and purpose of creating a statewide data platform that will aggregate and analyze cannabis regulatory and taxation data to help local governments ensure maximum cannabis regulatory and tax compliance. The platform is up and running, and three counties have required businesses within their jurisdictions to provide data directly to CCA. The remaining three CCA Members will follow suit in the next fiscal year.

To put this into context, in 2017 California signed an estimated $60 million contract with a company called Franwell to develop and manage a California Cannabis Track and Trace system (CCTT), known as METRC. As of April 2019, only around a dozen businesses in California were entering data into the METRC system, and regulatory and local agencies, including law enforcement, still have little to no access to the system or its data. By contrast, CCA signed a contact with a technology Vendor, NCS Analytics, in April 2018 and has a platform up and running that is collecting data directly from businesses in three CCA Member Counties — including data from hundreds of licensed cannabis businesses in California. While the scope of our projects are obviously different, CCA has been able to become a functional and operational organization in a relatively short amount of time for a fraction of the cost.

Platform Development & Use. The CCA Platform, powered by NCS Analytics, is operational in three Member Counties. Monterey County noticed businesses of requirements to provide data to CCA directly in December 2018, and San Luis Obispo and Yolo counties followed suit in April 2018. The system currently ingests data directly from cannabis businesses in Monterey, San Luis Obispo and Yolo counties through weekly CSV (Excel) Data Submissions, or directly through the businesses’ Third-Party Software Vendor. CCA has signed contracts for data integration with 15 Third-Party Software Vendors and has fully integrated with seven of those vendors through a direct API connection that is separate from their connection to METRC. This means that CCA can pull data directly from many operators’ point-of-sales or data management systems – lessening the burden of compliance on businesses, and providing a fuller, more real-time data set to CCA Member Counties. CCA will continue to offer a manual submission option to businesses as they transition from temporary state licenses to provisional and annual licenses and integrate with the state’s METRC system. It is staff's perspective that a majority of cannabis businesses will obtain a Third-Party Vendor over the next several years to help manage the state’s METRC requirements.
CCA staff continues to work with the Governor’s Office, Administration and the Legislature to gain access to additional data sets, including the state’s track-and-trace data through METRC. With a new Administration, CCA met with new appointees – including the Governor’s Cabinet Secretary, Senior Advisor on Cannabis, and the new head of the Department of Tax and Fee Administration – to pursue access to additional state data. Staff has had several promising meetings with top state officials and will be conducting a demonstration of the platform to all state regulatory heads with an interest in cannabis in the near future.

Membership. CCA has grown to a total of six Member Counties since its establishment in January 2018. Three of our Member counties have onboarded to the CCA platform, with Monterey County being the first in January 2019. Over the past year, CCA staff have met with and presented on CCA and the platform to a number of interested cities and counties, including: Los Angeles, Riverside, Contra Costa, Alameda, Lassen, San Diego, the City of Sacramento, and the League of California Cities. Increasing membership continues to be a primary goal of the organization.

Marketing & Outreach. To increase membership, CCA attended and participated in several conferences and events throughout the year. In October 2018, staff attended the Marijuana Management Symposium in Denver, CO where they presented about CCA and our work in California. This conference was attended by many California cities and counties, in addition to representatives from all over the country and world. Staff made additional presentations on CCA throughout 2018-19 to the County Executive Officers; the County Fiscal Managers Roundtable; the Treasurer Tax Collector’s Policy Conference; Central Coast Cannabis Managers; Yolo and Monterey Industry Association meetings; the California Cannabis Mangers Association industry roundtable; and the National Association of Counties Legislative Conference, among others.

CCA also sponsored several booths at the CSAC Legislative and Annual Conferences, and was a co-sponsor of the California Cannabis Control Summit in Sacramento this year. Staff also created a presence on social media; developed marketing and outreach materials specific to certain groups; and updated and maintained a user-friendly website. Moving forward, staff will work with the Board to establish partnerships with other organizations, including the League of California Cities, to help market CCA and attract additional Members and Participants.

Budget. CCA expenditures were in line with the adopted FY 2018-19 budget. While the organization did not collect the anticipated revenue for the fiscal year, we positioned ourselves to begin collecting revenue in the next fiscal year, with the exception of Monterey who will be billed for the last fiscal quarter of 2018-19. In addition, CCA was able to secure additional start-up funding from the CSAC Finance Corporation for FY 2019-20, providing additional bridge funding while we work to attract additional Members and Participants, with the goal of keeping our charges down.

Contact. For more information, please contact Cara Martinson, CCA Executive Director, at cmartinson@cca.ca.gov.
California Cannabis Authority Objectives 2018-19

I. Internal Operations/Functionality

Commence Data Collection
  • Connect to 3rd Party System Providers (BioTrack, Flourish, Leaflogix, Greenbits, MJ Freeway & more)
  • Continue to work with State on Finalizing MOU (Finalize First Quarter of 2019)
  • Connect to METRC (establish means of connection First Quarter of 2019)

User Operations
  • Assist Member Counties with CRB Noticing and Outreach to Industry Groups (Ongoing)
  • Collect Completed User Agreements (Before End of 2018)
  • Train CCA Members & Staff on System (Webinar before the End of 2018)
  • NCS staff to make onsite visit to Member Counties (First Quarter of 2019)

Revenue
  • Provide Members and Participants with estimates for quarterly payments
  • Collect revenue based on sales tracked (Before end of 2018-19 FY year)
  • Reassess relationship with SLO Accounting FY 2019-20 (July 2019)
  • Purchase Quick books and employ for Internal Staff Accounting (Before end of 2018)

Transparency
  • Send Monthly Financial Statements to CCA Board of Directors (Ongoing)
  • Quarterly Check- in with Board on Goals & Objectives (Ongoing)

II. Membership/Outreach

Increase County Membership in CCA
  • Contact counties that have recently passed ballot Cannabis Ballot Measures
  • Continue to Exhibit and Solicit Interest through CSAC & Affiliate conferences & direct outreach

Increase City Participation in CCA
  • Contact League of Cities, place article in city publications, work with League to identify interested parties
  • Work with CCA Board Members to Outreach cities within Member Counties

Outreach to Financial Institutions
  • Create Financial Institutions Subcommittee
  • Include Industry Representatives in Financial Discussion
  • Create Pilot Program with willing Cannabis Business
  • Expand to interested businesses & banks in FY 2019-20
Marketing Materials

- Distribute Current Marketing Materials to Board (Before end of 2018)
- Develop more professional materials, brochure, business cards, etc.
- Social Media- Grow Twitter Account, Establish Blog for Website, Create Facebook Page/Instagram Account
June 21, 2019

To: California Cannabis Authority (CCA) Board of Directors
From: Cara Martinson, CCA Executive Director
RE: CCA Proposed FY 2019-20 Budget and Revenue Model Modification

Recommendation. Adopt the proposed FY 2019-20 budget and approve changes to the CCA Fee Structure.

REVENUE MODEL

Existing Fee Structure. The CCA Board of Directors adopted a revenue model with a specific fee structure at their March 2018 Board Meeting. The fee is 0.35% (35 basis points) on total sales within the jurisdiction over which it has cannabis regulatory authority. This calculation was based on projected costs for data management (contract with NCS Analytics), debt repayment/program administration (contract with CSAC Finance Corporation) and revenue necessary to fund and grow the organization (CCA general fund). This structure is consistent with other Software as Service providers and revenue structures, as the amount of data tracked and analyzed is tied to the fee paid. It is the decision of the Member County or participating entity to determine what fund source the fee will originate from, whether it is part of tax proceeds, fee revenue or another source.

CCA initiated a contract with NCS Analytics on April 4, 2018 for the term of five years for the purpose of developing and operating the CCA platform for a charge of $0.15% (15 basis points) on all incoming analyzed transactions, payable quarterly. CCA also entered into a contract with the CSAC Finance Corporation (CSAC FC) in April 2018 for a term of three years, with an automatic renewal until 2024 for an initial total of $0.05% (5 basis points) of all incoming analyzed transactions, and reducing to $0.03% (3 basis points) after CCA’s start-up costs to CSAC FC have been repaid.

Since the fee structure was adopted by the CCA Board last year, several additional counties have joined the organization. And, in January of 2019, CCA began to collect data. Three out of six counties are now active on the platform, and have required cannabis businesses in their jurisdictions to submit data to CCA. Monterey County was the first county to become active on the platform in January 2019. Yolo and San Luis Obispo have since become active in May. As the onboarding process took some time in Monterey, and the other counties have just become active, no county has been charged by CCA as of yet. A bill will be sent to Monterey at the end of this fiscal quarter. All operating costs in FY 2018-19 have come from CSAC FC loans.

CSAC Finance Corporation (CSAC-FC). CSAC FC provided start-up costs for CCA, and expended $101,232 directly in FY 2017-18, and gave CCA a $200,000 appropriation in FY 2018-19. CSAC FC also approved a final appropriation at their April 2019 Board meeting for $200,000 to CCA for operating costs in FY 2019-20. These funds are a loan and to be paid back through the process outlined above. 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 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. In addition, CSAC FC is also performing program administration services to CCA. The CSAC FC contract covers basic management and administrative services, as well as program development, marketing, and office space.

**Estimated County Costs and Billing.** CCA will charge Members when they have on-boarded with the platform and start tracking data. Billing will occur quarterly in arrears. CCA anticipates the first bill to Monterey County on July, 2019, and bills to Yolo and San Luis Obispo counties by October 1, 2019. All other counties will be billed once they onboard with the platform.

While local governments are in the early stages of permitting and taxing commercial cannabis operations, there is existing data available to guide projections of county/entity activity and related CCA charges. This includes data on cannabis sales in California and projections from the Legislative Analyst’s Office and the Department of Finance for 2019. For example, the Legislative Analyst’s Office (LAO) estimates that over the four quarters of calendar year 2018, the state’s cannabis tax revenue grew at an average quarterly rate of 22 percent. Based on the latest revenue data, the LAO estimates 2018-19 cannabis tax revenue is $307 million—$19 million above the administration’s May Revision estimate. This puts total statewide cannabis sales in California in the $2 billion range, coming from approximately 20% of cities and slightly over 30% of counties. The remaining jurisdictions still have bans in place.

While statewide trends provide a sense of the overall market in California, local jurisdictions with gross receipts taxes can begin to assess their costs to CCA by their own local tax revenues. If a jurisdiction is collecting a tax on a square footage basis, the revenue model still applies to total sales as tracked in the platform. The charge is based on analyzed transactions, and will be calculated by data received in the CCA Platform. CCA can work to get state tax information for these jurisdictions to give a better sense of the scope of charges.

**Revenue Model Modification.** In order to become self-sufficient and fiscally sound as an organization, staff is proposing a modification to the existing revenue model. The proposed modification would set a floor price for members of $7500 a quarter, for a total of $30,000 annually. This floor would be the minimum charged to counties, while keeping the exiting 35 basis points calculation for those that generate over this amount. A true-up could be conducted depending on how Members/Participants chose to pay their minimum fee. A floor price will help the organization grow and be more self-sufficient while we work to attract more members, and connect with existing ones. The goal of CCA is to provide a cost effective service to counties that are regulating cannabis, reducing the charge to members as warranted over time. The proposed floor should be adopted to provide the organization a level of funding certainty to continue its operations, and to work to attract additional members which will overtime lower costs to Members.

**Return on Investment.** It’s also important to note that one of the benefits of the CCA Platform is the potential for greater tax realization. According to the IRS, the tax gap across all tax filers is roughly 16.6%. However, it is widely acknowledged that the cannabis tax gap is significantly higher. Within the cannabis market, the tax gap can range from 20% on the low end to over 50% in some of the newer markets. Much of this is driven by the cash nature of the cannabis business and the difficulties in auditing these businesses. One of the main functions of CCA is to help counties ensure that the correct amount of taxes is being paid by their licensees. We accomplish this through the advanced data analytics on the platform that evaluate and alert to the behaviors and actions that create the tax gap, such as underreporting production and sales numbers.
To better understand the true “costs” of the CCA fee, one must look at the revenue generated simply by closing the tax gap. Take for example a county with a 4% tax rate and an assumed conservative 30% cannabis tax gap. The county can expect that by using the CCA’s platform, and therefore closing the tax gap, that the county can generate up to a net $1.68 per dollar spent. Furthermore, the platform will create efficiencies and cost savings for compliance-related activities.

**FY 2019-20 Budget**

The attached document represents a funding plan for fiscal year 2019-20 with the proposed change to the revenue model.

**Revenue Projections.** Fiscal year 2018-19 revenue projections, which were estimated in the budget to total $85,437 (charges to counties), were based on 2014 legal medical sales in California. This was the most current data set available at the time. CCA did not collect any revenue in the 2018-19 fiscal year, and 2014 medical sales data is now obsolete. Revenue projections for FY 2019-20, which are proposed to be $180,000, are based on a floor price structure for all six member counties.

**Staff Costs.** CCA has relatively low overhead costs, with the majority of expenses dedicated to legal and professional services. That said, in order to grow the organization, additional staffing costs could be necessary. The CCA Executive Director position is currently a part-time, contract position (no more than 40 hrs a month). CCA currently has no additional outside administrative or accounting staff. The FY 2019-20 budget is proposing to allocate $100,000 (an increase of $52,000) for potential increases to staffing levels. The current contract with the CCA Executive director is a retainer of $4000 monthly, which is slated for review by the CCA Board before the 2019-20 fiscal year. No immediate changes to this contract are being proposed by staff. However, the proposed budget reflects additional resources for a potential increase upon approval of the CCA Board at their fall meeting if additional contract hours, or additional staffing resources are needed. In addition, the FY 2019-20 budget allocates $12,000 for Board travel and meetings. These funds will be dedicated to travel associated with the next regular meeting of CCA and any interim travel.

**Legal Services.** The FY 2019-20 budget is proposing to allocate $96,000 for legal services. This is based on CCA’s existing contract with Turner Law, CCA’s counsel. CCA entered into a five-year contract for legal services with Turner Law to ensure for legal representation at CCA meetings, general counsel on Brown Act, Public Records Act, and general municipal/public law counsel.

**Contact.** Please contact Cara Martinson, CCA Executive Director at cmartinson@cca.ca.gov if you have any questions.
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Attachment Five
Facilitating Access to Financial Services Memo
June 21, 2019

To: California Cannabis Authority (CCA) Board of Directors
From: Cara Martinson, CCA Executive Director  
Adam Crabtree, NCS Analytics, CEO
RE: Facilitating Access to Financial Services

**Background.** With the passage of Proposition 64 in 2016, California legalized the adult use of cannabis. However, despite the widespread support for cannabis as a legitimate business enterprise, the industry faces a unique, but significant, barrier to success. Legitimate cannabis businesses are unable to take advantage of bank accounts, debit or credit cards, and business loans, forcing them to complete most business transactions in cash because cannabis remains a controlled substance at the federal level. Having an entire industry operating with limited access to banking services is also a serious public safety threat and makes commercial cannabis businesses a target for crime, putting the safety of employees and customers at risk. In addition, it presents a serious challenge for tax and regulatory compliance, and presents regulators with auditing challenges as well. The lack of access to banking services creates barriers for businesses unlike any other legal industry in California. The cannabis industry is expected to generate revenue of $6.6 billion per year by 2025. Many of these cannabis businesses, however, do not have a bank account and transact primarily in cash.

**Prevalence of Banking.** Despite the conflict between state and federal law, there are hundreds of financial institutions (primarily, if not exclusively, state-chartered community banks and credit unions) that are working with cannabis clients throughout the county. One of the key components that allow this relationship to exist is accurate compliance reporting, including completion of required Suspicious Activity Reports (SARs) by financial institutions that are working with the industry. There are a number of banks and credit unions in California that are working with cannabis businesses.

**Solutions.** One of the goals of CCA is to help improve access to financial services for legal cannabis operators in California. CCA continues to explore options of how to work with interested financial institutions and their prospective cannabis clients to provide accurate and cost-effective licensing and compliance information that ensures that the revenue generated from the client’s commercial cannabis activity results from fully licensed and compliant activities. Data is a critical link to compliance and CCA is committed to helping banks and businesses work together to ensure for a fair and well regulated market place in California.

CCA has identified several of these financial institutions and has met with them to explore opportunities to work together. One of the challenges we’ve identified revolves around disclosure. CCA is a public organization and is required, if asked, to disclose who we contract with. Banks and credit unions typically don’t advertise that they work with cannabis industry clients and this disclosure requirement proves to be a challenge for some. CCA will continue to work with the banking industry to overcome these barriers and work to develop solutions that enable us to work together.

**Contact.** For more information, please contact Cara Martinson, CCA Executive Director at cmartinson@cca.ca.gov.
June 15, 2019

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

RE: Review of CCA Executive Director Contract

**Recommendation.** No changes are currently proposed for the CCA Executive Director contract. The contract requires the CCA Board to review at least once a year. Staff requests that the Board review the contract and compensation at their fall 2019 meeting.

**Background.** CCA has contracted with Cara Martinson to perform duties of CCA Executive Director. The contract is a monthly retainer of $4000, inclusive of any travel and lodging expenses for work performed not to exceed 40 hours per month.

Ms. Martinson is currently a full-time, at-will employee with the California State Association of Counties (CSAC). CSAC has allowed Ms. Martinson to contract with CCA, and has entered into a separate contract that allows her the right to exclusively contract with CCA to perform the duties of Executive Director so long as the work does not materially interfere with CSAC duties and responsibilities. Ms. Martinson’s contract with CSAC also requires her to take vacation days for any travel associated with CCA. The relationship continues to remain mutually beneficial for both organizations as Ms. Martinson is also the CSAC policy expert on cannabis issue and legislative and regulatory issues continue to evolve at the state level.

**Contract.** The Executive Director Contract is attached to this memo.
CONTRACT FOR EXECUTIVE DIRECTOR SERVICES
BETWEEN THE CALIFORNIA CANNABIS AUTHORITY AND
CARA MARTINSON

This Agreement for Executive Director Services ("Agreement"), dated as of March 22, 2018 ("Effective Date"), is made and entered into by and between the California Cannabis Authority (the "CCA"), a California joint powers authority created pursuant to the Joint Powers Agreement, dated January 12, 2018 and effective January 23, 2018 (the "JPA Agreement") and Cara B. Martinson ("Contractor"), sometimes individually referred to herein as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, pursuant to Section 8 of Article III of the JPA Agreement, the Board of Directors of the CCA is required to appoint an Executive Director who shall be responsible for the general administration of the business and activities of the CCA as directed by the Executive Committee; and

WHEREAS, the Board of Directors desires and is empowered by Section 8 of Article III of the JPA Agreement to retain a person or firm to provide Executive Director Services as an independent contractor to fulfill the Executive Director’s duties; and

WHEREAS, Contractor has served in various capacities representing California counties and through such experience has acquired special skills, abilities and knowledge regarding the role counties play in California government and public policy and specifically in regard to the role of state and local governments in regard to the legalization, regulation and taxation of recreational cannabis; and

WHEREAS, the CCA acknowledges Contractor to be an employee of the California State Association of Counties (CSAC) the express consent of the Executive Director of CSAC is required prior to the effective date of this Agreement; and

WHEREAS, Contractor warrants that she is qualified, competent, and desiring to render these services,

NOW THEREFORE, the Parties agree as follows:

1. **SCOPE OF SERVICES**

Contractor agrees to provide all of the services described in Exhibit A attached hereto and by this reference made a part hereof.

2. **FURNISHED SERVICES**

CCA agrees to:

2.1 Provide access to any facilities or property necessary for the performance of this Agreement.

2.2 Make available all pertinent data and records for Contractor’s use and review in performing services under this Agreement.

3. **FEES AND PAYMENT SCHEDULE**

Contractor shall be paid the Monthly Retainer representing compensation for the Basic Services as specified in Exhibit A to this Agreement. Contractor’s Monthly Retainer shall be inclusive of any
travel and lodging expenses incurred in fulfilling duties as Executive Director. Additional services which are beyond the scope of the Basic Services described in Exhibit A or services that require in excess of an estimated average of 40 hours per month, shall be arranged by separate agreement.

Contractor shall provide CCA with her Federal Tax I.D. number or social security number.

4. TERM OF AGREEMENT

This Agreement shall commence on April 1, 2018 and shall continue in effect until terminated as provided herein. The Board shall review this Agreement and the compensation arrangements provided for herein on or before June 30, 2019, and at least annually thereafter on or before each subsequent fiscal year of CCA.

This Agreement may be terminated without cause upon thirty (30) days prior written notice by either party. This Agreement may be terminated by CCA immediately for cause. For the purposes of this Agreement, cause shall mean conviction of a misdemeanor involving the services provided under this Agreement or conviction of any felony. Cause also shall mean the unexcused failure to satisfactorily perform services required by this Agreement after CCA provides written notice to correct such failure and Contractor continues to fail to satisfactorily perform such services for a period of fifteen (15) days or more. The notice to correct shall specifically describe the services that Contractor has failed to perform satisfactorily. Upon termination without cause, Contractor shall be paid for all services performed to the date of termination.

5. INSURANCE

All required insurance coverages shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to CCA. The auto liability policy shall be endorsed naming CCA as an additional insured. The certificate(s) of insurance and required endorsement shall be furnished to the CCA prior to commencement of work hereunder. Each certificate shall provide for thirty (30) days advance written notice to CCA of any cancellation or reduction in coverage. Said policies shall remain in force through the life of this Agreement and shall be payable on a per occurrence basis only.

Nothing herein shall be construed as a limitation on Contractor's indemnification obligations under Section 14 of this Agreement.

Failure to provide and maintain the insurance required by this Agreement will constitute a material breach. In addition to any other available remedies, CCA may suspend payment to the Contractor for any services provided during any time that insurance was not in effect and until such time as the Contractor provides adequate evidence that Contractor has obtained the required coverage.

5.1 Commercial Liability Insurance (bodily injury and property damage - $1,000,000)
5.2 Comprehensive Automobile Liability Insurance ($500,000/accident)
5.3 Worker's Compensation Insurance (should employees be hired)

The Contractor acknowledges the State of California requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code. If Contractor has employees, a copy of the certificate evidencing such insurance or a copy of the Certificate of Consent to Self-Insure shall be provided to CCA prior to commencement of work.

6. NONDISCRIMINATORY EMPLOYMENT

Contractor and/or any permitted subcontractor shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, age or condition of disability. Contractor and/or any permitted subcontractor understands and agrees that Contractor
and/or any permitted subcontractor is bound by and will comply with the nondiscrimination mandates of all Federal, State and local statutes, regulations and ordinances.

7. SUBCONTRACTING

The Contractor shall not subcontract nor assign any portion of the work required by this Agreement without the prior written approval of the Board of Directors of CCA. If Contractor is authorized to hire a subcontractor under this Agreement, Contractor shall require subcontractor to provide and maintain insurance coverage(s) identical to what is required of Contractor and shall require subcontractor to name Contractor and CCA as additional insureds. It shall be Contractor’s responsibility to collect and maintain current evidence of insurance provided by its subcontractors and forward such evidence of insurance to CCA.

8. ASSIGNMENT

The rights, responsibilities and duties under this Agreement are personal to the Contractor and may not be transferred or assigned without the express prior written consent of the Executive Committee of CCA.

9. BOOKS OF RECORD AND AUDIT PROVISION

Contractor shall maintain on a current basis complete books and records relating to this Agreement. These documents and records shall be retained for at least five years from the completion of this Agreement. Contractor will permit CCA to audit all books, accounts or records relating to this Agreement or all books, accounts or records of any business entities controlled by Contractor who participated in this Agreement in any way. Any audit may be conducted on Contractor’s premises or, at CCA’s option, Contractor shall provide all books and records within a maximum of fifteen (15) days upon receipt of written notice from CCA. Contractor shall refund any monies erroneously charged within 30 days after such erroneous charges are discovered.

10. OWNERSHIP OF RECORDS

Any and all documents, information and reports prepared by the Contractor in performing services under this Agreement, shall be the property of the CCA. The Contractor may retain copies of these documents. In the event of the termination of this Agreement, for any reason whatsoever, Contractor shall promptly turn over all information, documents, and records to CCA without exception or reservation.

11. RELATIONSHIP BETWEEN THE PARTIES

It is expressly understood that in the performances of the services herein, the Contractor, and the agents and employees thereof, shall act in an independent capacity and as an independent contractor and not as employees or agents of the CCA. Contractor shall be solely responsible to pay all required taxes, including but not limited to, all withholding social security, and workers’ compensation. Contractor’s authority to act on behalf of CCA shall be defined by a Resolution Conferring Powers by the Board of Directors and Contractor shall have no power or authority to enter into any contracts or other obligations on behalf of CCA unless expressly authorized by the Executive Committee of CCA as appropriate.

12. AMENDMENT

This Agreement may be amended or modified only by written agreement of both parties.
13. JURISDICTION AND VENUE

This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in Sacramento County, California.

14. INDEMNIFICATION

CCA agrees to indemnify and defend Contractor from any claims and liabilities that arise from the performance of the services required by this Agreement. Contractor agrees to indemnify, defend, and hold harmless CCA, its employees, officers, contractors, consultants and agents, from any claims or liabilities arising from any acts, omissions or other wrongful conduct of Contractor outside the scope of services required by this Agreement.

15. COMPLIANCE WITH APPLICABLE LAWS

The Contractor shall comply with any and all Federal, State and local laws and regulations affecting services covered by this Agreement.

16. FORCE MAJEURE

A Party shall not be considered in breach of or in default under this Agreement on account of, and shall not be liable to the other Party for, any delay or failure to perform its obligations hereunder by reason of fire, earthquake, flood, explosion, strike, riot, war, terrorism, or similar event beyond that party’s reasonable control (each a “Force Majeure Event”); provided, however, if a Force Majeure Event occurs, the affected Party shall, as soon as practicable: (a) Notify the other Party of the Force Majeure Event and its impact on performance under this Agreement; and (b) Use reasonable efforts to resolve any issues resulting from the Force Majeure Event and perform its obligations hereunder.

17. NOTICES

This Agreement shall be managed and administered on CCA’s behalf by the President of the CCA. All invoices shall be submitted to and approved by the President as Contract Manager. All notices shall be given to CCA at the following location:

Contract Manager: President, California Cannabis Authority
Address: California Cannabis Authority
1100 K Street Suite 101
Sacramento, CA 95814

Notices shall be given to Contractor at the following address:

Contractor: Cara B. Martinson
Address: 1100 K Street, Suite 101
Sacramento, CA 95814


This Agreement constitutes the entire agreement and understanding between the Parties regarding the subject matter addressed herein. No modification or extensions of this Agreement shall be effective unless in writing and signed by the parties hereto, excepting therefrom the areas of discretion reserved by CCA as set forth herein.
IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

CONTRACTOR

Cara B. Martinson

CALIFORNIA CANNABIS AUTHORITY

Supervisor Estelle Fennell
President
California Cannabis Authority
EXHIBIT A

SCOPE OF SERVICES FOR EXECUTIVE DIRECTOR

Under the general direction of the Executive Committee, the Executive Director shall be responsible for the operation and the general management of CCA’s activities and services.

The Monthly Retainer shall be: $4,000 per month, inclusive of any travel and lodging expenses incurred in fulfilling duties as Executive Director.

The Executive Director’s specific duties and responsibilities shall include the following:

1. Act as agent of CCA for the administration of all CCA functions and policies;
2. Give direction and leadership to the formulation and achievement of the organization's philosophy, mission, and its annual goals and objectives, including analysis and interpretation of financial and program data relating to CCA activities;
3. Attend meetings of the CCA in person, as needed, or telephonically, and make recommendations on all actions submitted to the Board of Directors or Executive Committee for consideration;
4. Work with the Board of Directors, Executive Committee, and staff to develop and implement policies, procedures, and long-range strategic plans;
5. Management of the services provided by any CCA Contractors
6. Oversee administrative, financial and program operations, and all personnel matters (design of staff organizational structure, hiring and firing responsibilities, etc.);
7. Monitor and respond to written and telephonic correspondence in a timely manner;
8. Prepare and, following Board approval, administer the CCA’s annual budget, including reviewing and approving disbursements on behalf of CCA, performing a continuous review of CSCDA expenditures throughout the fiscal year to determine that expenditures are necessary and in accordance with CCA policy;
9. Negotiate and ensure compliance with CCA’s contracts;
10. Manage overall CCA operations;
11. Pursue growth of Members and Participants while ensuring continued service delivery to existing Members and Participants;
12. Manage and maintain a close working relationship with other local, state, and federal agencies, as well as representatives of the cannabis industry;
13. Manage CCA’s response to Public Records Act requests and coordinate such responses with the General Counsel Administrators;
14. Keep informed of trends, issues, events and developments within the cannabis industry as well as state and federal regulation of cannabis, through professional peer contacts, conference attendance, etc.