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PRESS RELEASE

FOR IMMEDIATE RELEASE

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CITY REVIEW OF APPLICATIONS FOR COMMERCIAL MEDICAL CANNABIS OPERATION PERMITS

The City of Morro Bay's process for review of applications for two commercial medical cannabis operation permits followed the steps in Chapter 5.50 of the Morro Bay Municipal Code. The City Council authorized City staff to review applications and then issue the two permits pursuant to this process.

First, applications went through an initial screening process by cannabis consultant HdL for "whether the applicant meets the minimum qualifications" for a commercial medical cannabis operation permit and were assigned an initial score based on application documents submitted. (MBMC § 5.50.080(A).) If an application passed the initial screening process, then the application was "deemed compliant and eligible for review" by the cannabis permit committee. (MBMC § 5.50.080(A).)

Second, a cannabis permit committee composed of Police Chief Jody Cox, Fire Chief Steve Knuckles, and Finance Director Jennifer Callaway reviewed the applications, reviewed the initial screening scores, and then interviewed the applicants. Based on the interviews and review, the cannabis permit committee assigned numeric scores in merit list categories. During the interviews, questions related to merit list categories were asked of each applicant. The questions and scores were based on detailed criteria from a merit list. (MBMC § 5.50.090(C-D).) This detailed scoring sheet and the numeric scores assigned by the cannabis permit committee are being made publicly available. Consistent with their final merit list scores, the cannabis permit committee then recommended to the City Manager that commercial medical cannabis operation permits be issued to the top two merit list scorers.

Third, the City Manager "after receipt from the cannabis permit committee of a recommendation" that the top two scorers on the merit list be issued permits, the City Manager conducted a review of these two applicants. (MBMC § 5.50.090(E).) The City Manager held a second round of interviews with the top two scorers and conducted site visits of the top two scorers' existing cannabis retail operations. At the conclusion of this process, the City Manager preliminarily accepted the recommendation from the cannabis permit committee to award commercial medical cannabis operation permits to the top two merit list scorers.

Currently, the City is completing final ministerial administrative processing required before final permits can be issued. The City anticipates, pending completion of these concluding steps, that final permits will be issued soon. The City does not comment on active litigation.

Attachments:

1. HdL Commercial Cannabis Business Initial Screening Scores based on Application
2. Commercial Cannabis Permit Interview Questions by Subcommittee
3. Subcommittee Scores
4. Subcommittee Roll-up Interview Scores

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CITY OF MORRO BAY
Commercial Cannabis Business Application Scores
All License Types

| | Applicant Name | License Type | Score |
|----|---|---------------------|--------------|
| 1. | Connected Morro Bay Blvd, LLC / EEL Holdings, LLC | Retail | 1,646 |
| 2. | Megan's Organic Market | Retail | 1,509 |
| 3. | SLO Retail Group, LLC | Retail | 1,484.5 |
| 4. | Ethnobotanica | Retail | 1,432.5 |
| 5. | Natural Healing Center | Retail | 1,382.5 |
| 6. | RCP | Retail | 1,326 |
| 7. | Morro Bay Green, Inc. | Retail | 982.5 |



Applicant _____

Reviewer _____

**CITY OF MORRO BAY
MEDICINAL CANNABIS BUSINESS PERMIT INTERVIEW QUESTIONS**

QUALIFICATION OF PRINCIPALS (150 pts)

- Please identify the owners and the percentage of ownership.
- Please tell us how your qualifications as principal(s) make you the best qualified applicant(s) for the type of permit(s) you are seeking.
- Describe the financial resources you have available to complete the regulatory process, pull building permits, complete tenant improvements, hire needed staff, and open the business? If any element of the business will be phased, how will each phase be financed? Who are your capital funders and financial underwriters?
- Have there been any substantial change in facts in your application that you would like to bring to the City's attention?
- Have you been denied an application in any other city and if so, what were the grounds for denial?

Points Awarded: _____

LOCATION (200 pts)

- Please explain how your proposed location will be suitable for a commercial cannabis business.
- Describe any site constraints that may need to be overcome to move the project forward.
- Do you have site control? Do you require any additional approvals from the property owner, a property owners association, or neighboring tenants or neighboring property owners for establishment of use, site access, loading, or parking?

Points Awarded: _____

BUSINESS PLAN (300 pts)

- Please discuss your understanding of the Bureau of Cannabis Control regulations as they pertain to your operation. What is required? What are your responsibilities?
- Please provide a detailed description of the day-to-day operations.
- Describe any proposed community benefits plan and associated actions the company proposes
- Describe the demographics for your customer base

Points Awarded: _____

STORAGE AND TRANSPORTATION PLAN (350 pts)

- Please discuss your anticipated inventory and how you intend to secure it.
- Please discuss your plans for handling cash and transporting cannabis and cannabis products to and from the premises, and the proposed use of all areas on the premises, including but limited to specific activities, storage, lighting and signage.

Points Awarded: _____

AIR QUALITY (100 pts)

- Please explain how your business plans to prevent and/or mitigate any odor complaints.

Points Awarded: _____

SAFETY & SECURITY PLAN (200 pts)

- Describe your proposed plans regarding emergency response procedures, fire safety training, and fire suppression equipment.
- Will the police and fire departments have access to your building in the event of an emergency? Please explain
- Will the police department have remote access to the camera system? Briefly explain how you will address the following:
 - Access and visitor control
 - Limited Access areas
 - Security and tracking of inventory
 - Monitoring of all activity within the licensed facility
 - Money handling procedures
 - Alarm systems
 - On-site security
 - Delivery of product
 - Vault Design

Points Awarded: _____

TRAINING (150 pts)

- Please discuss how you plan to train your employees to provide the highest industry standards in your commercial cannabis operation.

Points Awarded: _____

RETAIL

PUBLIC INFORMATION (100 pts)

- Please discuss how you will make information available to customers containing a list of the rules and regulations governing medical cannabis use and consumption within the City and recommendations on sensible medical cannabis etiquette.

Points Awarded: _____

DISTRIBUTION

PRODUCT SECURITY (100 pts)

- Please discuss how all cannabis and cannabis products at the site will be kept in a secured manner at all times. (transport area, storage area)
- What are your plans for inventory tracking?

Points Awarded: _____

City of Morro Bay Interviews

| Who is submitting this interview result? | To which business is this interview pertaining? | Qualifications of Principals | Location | Business Plan | Storage and Transportation Plan | Air Quality | Safety & Security Plan | Training | Retail - Public Information | Distribution - Product Security |
|--|---|------------------------------|----------|---------------|---------------------------------|-------------|------------------------|----------|-----------------------------|---------------------------------|
| Jennifer Callaway | Connected Morro Bay | 135 | 180 | 260 | 300 | 85 | 175 | 130 | 95 | 85 |
| Jody Cox | Connected Morro Bay | 135 | 190 | 280 | 335 | 100 | 185 | 140 | 100 | 95 |
| Steve Knuckles | Connected Morro Bay | 127 | 160 | 240 | 297 | 85 | 170 | 127 | 80 | 85 |
| Jennifer Callaway | Ethnobotanica | 125 | 180 | 240 | 290 | 90 | 180 | 130 | 85 | 83 |
| Jody Cox | Ethnobotanica | 135 | 190 | 260 | 330 | 100 | 185 | 130 | 90 | 100 |
| Steve Knuckles | Ethnobotanica | 135 | 170 | 285 | 332 | 95 | 180 | 142 | 95 | 95 |
| Jennifer Callaway | Megan's Organic Market | 130 | 175 | 255 | 295 | 90 | 175 | 135 | 85 | 85 |
| Jody Cox | Megan's Organic Market | 130 | 190 | 265 | 320 | 100 | 175 | 140 | 90 | 90 |
| Steve Knuckles | Megan's Organic Market | 142 | 190 | 255 | 297 | 85 | 160 | 127 | 90 | 85 |
| Jennifer Callaway | Natural Healing Center | 145 | 200 | 280 | 340 | 100 | 200 | 130 | 85 | 100 |
| Jody Cox | Natural Healing Center | 150 | 200 | 290 | 350 | 100 | 200 | 150 | 100 | 100 |
| Steve Knuckles | Natural Healing Center | 142 | 200 | 285 | 332 | 100 | 190 | 142 | 90 | 100 |
| Jennifer Callaway | RCP | 145 | 190 | 275 | 335 | 85 | 190 | 150 | 95 | 85 |
| Jody Cox | RCP | 145 | 190 | 280 | 335 | 100 | 190 | 140 | 100 | 95 |
| Steve Knuckles | RCP | 142 | 180 | 285 | 332 | 95 | 190 | 150 | 95 | 90 |
| Jennifer Callaway | SLO Retail | 135 | 180 | 255 | 295 | 80 | 175 | 135 | 85 | 84 |
| Jody Cox | SLO Retail | 140 | 190 | 280 | 335 | 100 | 190 | 140 | 95 | 95 |
| Steve Knuckles | SLO Retail | 127 | 170 | 255 | 297 | 75 | 170 | 135 | 85 | 85 |



CITY OF MORRO BAY
Commercial Cannabis Interview Scores
All License Types

| | Applicant Name | License Type | Score |
|----|---|---------------------|--------------|
| 1. | Natural Healing Center | Retail | 96.99% |
| 2. | RCP | Retail | 94.63% |
| 3. | Ethnobotanica | Retail | 89.94% |
| 4. | SLO Retail Group, LLC | Retail | 88.65% |
| 5. | Connected Morro Bay Blvd, LLC / EEL Holdings, LLC | Retail | 88.40% |
| 6. | Megan's Organic Market | Retail | 88.00% |