



CITY OF TALENT • COMMUNITY DEVELOPMENT

PO Box 445, Talent, Oregon 97540
Phone: (541) 535 7401 Fax: (541) 535 7423 www.ci.talent.or.us

GENERAL LAND USE APPLICATION

Project Description: Convert OHA Dispensary to OCCC Dispensary
Property Owner: Steve Rouse, member Green Tree LLC
Mailing Address: PO Box 3260 Phone: 541-821-1374
Street Address: 1007 S. PACIFIC HWY, Talent
Email Address: Jamin@highlydistributed.com
Applicant/Consultant: Jamin Giersbach
Mailing Address: 251 Twin Oaks Rd, 97130 Phone: 541-450-9324
Jacksonville, Oregon

Table with 4 columns: Assessor's Map Number, Tax Lot Number, Acres, Zone. Row 1: 38-1W-25-3, 90007. Row 2: 38-1W-

Subzone (if applicable):

Pre-Application Meeting Completed? [] Yes [] No [] N/A Date Completed:

Type of Application (check all boxes that apply)

Grid of application types with checkboxes: Site Development Plan Review, Variance, Conditions Modification, Annexation, Accessory Dwelling Unit, Appeal (flat fee), Conditional Use Permit, Home Occupation, Code Interpretation, Comprehensive Plan Amendment (text), Comprehensive Plan Map/Zoning Map Change, Development Code Amendment.

APPLICATION DEPOSITS (Application fees are calculated by ACTUAL PROCESSING COSTS)

I hereby certify that the statements and information contained in this application, including the enclosed drawings and the required findings of fact, are in all respects, true and correct. I understand that all property pins must be shown on the drawings and visible upon the site inspection. In the event the pins are not shown or their location is found to be incorrect, the owner assumes full responsibility.

Applicant's Signature: Jamin Giersbach

Date: 1/5/16

Property Owner's Signature (required): Steve Rouse

Date: 1/5/16

APPLICATION FEES & DEPOSITS

Fees and deposits are intended to cover the full cost for processing applications. Applicants seeking development which requires more than one type of review (such as site plans and conditional use permits) must pay all applicable fees and deposits.

Application Deposits: Certain application fees are represented by a deposit amount. Applicants shall be charged for actual processing costs incurred by the City. The actual costs charged to the City for technical review of land use applications, including but not limited to City's planning, public works, engineering, administration, legal, wetland specialists, geologists, biologists, arborist, and any other services provided in processing applications, shall be charged to Applicant, at the rate(s) charged to the City. In addition, the actual costs of preparing and mailing notices to abutting property owners or others required to be notified, the costs of publishing notices in newspapers, and any other mandated costs shall be charged to applicant. Any additional costs incurred beyond the deposit amount shall be charged to and paid by the applicant on a monthly basis. The applicant agrees that any deficiencies shall be collected from applicant, and that applicant's failure to pay these amounts triggers the City's option to pursue any or all remedies, as listed below.

Fixed Fee Applications: Fees are non-refundable and are based on average application processing costs rounded to the nearest dollar.

Applicant acknowledges and agrees that Applicant's failure to pay City costs over the deposit fee amounts, as charged monthly by the City, may result in the City pursuing any or all legal remedies available, including but not limited to liening property in the amount owed; prosecution for violation of the City's current fee resolution and City land development or division ordinances; issuance of a stop work order, non-issuance of building permits for property, or cessation of related proceedings; set-off against any reimbursement owed; and turning amounts owed over to a collection agency.

<u>Juan Cuevas</u>	<u>1/5/16</u>
Applicant's Signature	Date
<u>Steve Louie</u>	<u>1/5/16</u>
Property Owner's Signature (required)	Date

I hereby acknowledge that my applications may be consolidated. When an applicant applies for more than one type of land use or development permit (e.g., Type-II and III) for the same one or more parcels of land, the proceedings shall be consolidated for review and decision. If more than one approval authority would be required to decide on the applications if submitted separately, then the decision shall be made by the approval authority having original jurisdiction over one of the applications in the following order of preference: (1) City Planner, (2) the Planning Commission, and (3) the City Council. Joint meetings between governing bodies may be held to streamline the decision process.

<u>Juan Cuevas</u>	<u>1/5/16</u>
Applicant's Signature	Date
<u>Steve Louie</u>	<u>1/5/16</u>
Property Owner's Signature (required)	Date

FOR OFFICE USE ONLY			
Deposit Paid (Amount):	Date:	Received By:	File Number:
\$1592.00	1-5-16	JW	CUP 2016-002

In compliance with the Americans with Disabilities Act, if you need special assistance, please contact TTY phone number 1-800-735-2900 for English and for Spanish please contact TTY phone number 1-800-735-3896.

The City of Talent is an Equal Opportunity Provider

Talent Health Club LLC

1007 S. Pacific Highway, Unit G
Talent, OR 97540
(541) 897-4111

Jamin Giersbach
(917) 776-7772
jamin@talenthealthclub.com

Overview

Talent Health Club has been in operation as an OHA-registered medical marijuana dispensary since the advent of the dispensary program. We have been highly regarded in the area for years, and were even used as an example of a responsible dispensary by Representative Peter Buckley during the 2015 legislative session. We now wish to take our expertise gained from the medical marijuana program to the recreational market.

Talent Health Club is not undergoing any changes for the transition to recreational. We have been selling limited products to the recreational market since October when the OLCC put the program in place. We have seen very little change since October. There has been a small increase in traffic. We have had to post some new signs inside the store. When we transition to full recreational sales we will stop selling to medical so the traffic will decrease on the medical side and increase on the recreational side. We anticipate this will happen in October but the OLCC doesn't have a firm date. Recreational customers will be allowed to purchase edible and extracts which they are currently prohibited from purchasing. The jurisdiction will change from OHA to OLCC. In addition Talent Health Club will start changing the 25% tax on medicated products that is required under measure 91. The tax money will be distributed back to the state and will be used to pay for state and local services. Overall we don't see much change and we look forward to educating customers and working in our community to make Talent Oregon a great place to live and work.



CITY OF TALENT • COMMUNITY DEVELOPMENT

PO Box 445, Talent, Oregon 97540
Phone: (541) 535-7401 Fax: (541) 535-7423 www.cityoftalent.org

GENERAL LAND USE APPLICATION
CUP 2016-002

Project Description: CUP Application for OLCC-Licensed RMJ Retail Use in CH Zone
Property Owner Green Tree Condominium LLC Steve Rouse, Mgr.
Mailing Address (include city, zip)(Landowner): PO Box 3260 | Jacksonville, Or 97530
Phone (Landowner) 541-821-1374
Street Address or Property Location 1007 S. Pacific Hwy., Unit "G" | Talent
Email Address Landowner: srouse@appb.net Applicant: jamin@talenthealthclub.com
Applicant/Consultant (if not owner) Talent Health Club LLC (Applicant)
Mailing Address (including city, zip)(Applicant) 1007 S. Pacific Hwy., Unit "G"
Phone (Applicant) 541-776-7772
Attorney: Chris Hearn | Davis Hearn Anderson & Turner PC | 515 E. Main St. | Ashland, OR 97520
(p) 541-482-3111 | (f) 541-488-4455 | (e) chearn@davishearn.com | (w) www.davishearn.com
Assessor's Map Number (Township, Range, Section, Quarter Section) Tax Lot Number Acres Zone
38-1W- 25BD 90007 1346 sq. ft. CH
38-1W-

Subzone (if applicable) N/A

Pre-Application Meeting Completed? [] Yes [] No [] N/A Date Completed: _____

Type of Application (check all boxes that apply)

Table with 2 columns of checkboxes for application types. 'Conditional Use Permit' is checked and circled in red. Other options include Site Development Plan Review, Variance, Conditions Modification, Annexation, Accessory Dwelling Unit, Appeal, Home Occupation, Code Interpretation, Comprehensive Plan Amendment, and Development Code Amendment.

APPLICATION DEPOSITS (Application fees are calculated by ACTUAL PROCESSING COSTS)

I hereby certify that the statements and information contained in this application, including the enclosed drawings and the required findings of fact, are in all respects, true and correct. I understand that all property pins must be shown on the drawings and visible upon the site inspection. In the event the pins are not shown or their location is found to be incorrect, the owner assumes full responsibility.

Talent Health Club LLC, by Jamin Giersbach, Mgr.

(On file -- provided separately)

Applicant's Signature

Date

(On file -- provided separately)

Property Owner's Signature (required)

Date

Green Tree Condominium LLC, by Steve Rouse, Mgr.

Christian E. Hearn

05/05/2016

Christian E. Hearn (OSB # 911829)

Date

Davis Hearn Anderson & Turner PC | 515 E. Main St. | Ashland, OR 97520

(p) 541.482.3111 | (f) 541.488.4455 | (e) chearn@davishearn.com | (w) www.davishearn.com

APPLICATION FEES & DEPOSITS

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(On file -- provided separately)

Applicant's Signature Talent Health Club LLC, **Date**
 Jamin Giersbach, Mgr.

(On file -- provided separately)

Property Owner's Signature (required) Green Tree Condo. LLC **Date**
 Steve Rouse, Mgr.

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(On file -- provided separately)

Applicant's Signature Talent Health Club LLC, **Date**
 Jamin Giersbach, Mgr.

(On file -- provided separately)

Property Owner's Signature (required) Green Tree Condo. LLC **Date**
 Steve Rouse, Mgr.

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**BEFORE THE PLANNING COMMISSION
FOR THE CITY OF TALENT, OREGON**

IN THE MATTER OF:)	
)	CUP 2016-002
A CONDITIONAL USE PERMIT APPLICATION)	
FOR RETAIL ESTABLISHMENT USE)	ADDENDUM "A"
(OLCC - RMJ) IN EXISTING BUILDING AT:)	TO GENERAL LAND
)	USE APPLICATION
ADDRESS: 1007 S. Pacific Hwy., Unit G)	
MAP: 38-1W-25BD, Tax Lot 90007)	
ZONING: Commercial Highway (CH))	
APPLICANT: Talent Health Club LLC)	
PROPERTY OWNER: Green Tree Condo. LLC)	
AGENT: Davis Hearn Anderson & Turner PC)	
_____)	

PROJECT DESCRIPTION | FINDINGS OF FACT | CONCLUSION OF LAW

PROJECT DESCRIPTION:

Applicant Talent Health Club LLC ("Applicant") respectfully supplements its planning application submitted to City of Talent ("City"), requesting approval of a conditional use permit ("CUP") to operate a state-regulated, OLCC-licensed recreational cannabis retail business at its existing location: 1007 S. Pacific Hwy., Unit G. (County Assessor's Map: 38-1W-25BD, Tax Lot 90007.)

Now in continuous operation as an Oregon Health Authority ("OHA")- registered medical marijuana dispensary since the advent of Oregon's medical marijuana dispensary program, Talent Health Club has been highly regarded in the area for years.

During Oregon's 2015 legislative session, Talent Health Club was repeatedly mentioned by Representative Peter Buckley as an industry leader and prototype reflecting responsible medical cannabis sales and operations.

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 Talent Health Club now wishes to take its statewide recognition and expertise
2 gained from Oregon’s medical marijuana program to the Oregon’s burgeoning
recreational market.

3 Talent Health Club is not undergoing any changes for the transition from medical to
4 recreational cannabis sales at its current location. Talent Health Club has already
5 been selling limited cannabis products to recreational consumers from its current
6 location at 1007 S. Pacific Hwy. since October 1, 2015 -- when the Oregon Liquor
Control Commission (“OLCC”) rolled out the recreational cannabis retail sales
program.

7 Talent Health Club has seen very little change since it commenced recreational
8 cannabis sales on October 1. There has been only a small increase in traffic
consumer traffic. Talent Health Club posted post some new signs inside the store.

9 When Talent Health Club transition to full recreational sales, it currently plans to
10 stop selling medical (depending on how the regulations develop), so the traffic will
presumably decrease on the medical side, and increase on the recreational side.

11 Talent Health Club anticipates this may happen in October, 2016 – but new bills are
12 pending in the current legislative session – so OLCC doesn't have a firm date at this
time and the outcome is currently unclear.

13 Recreational customers will be allowed to purchase edibles and extracts – which
14 they are currently prohibited from purchasing. The regulatory jurisdiction will shift
from OHA to OLCC.

15 Addition Talent Health Club will start changing the 25% tax on medicated products
16 as required under Measure 91 (although that is also the subject of pending
17 legislation). The tax money will be distributed back to the state, and will be utilized
to pay for state and local services.

18 Overall, until the various legislative bills are either passed or not, Talent Health Club
19 doesn’t see much change, and looks forward to educating customers and working in
20 the community to make the City of Talent a great place to live and work.
21

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 Applicant's retail business will be licensed by the Oregon Liquor Control
2 Commission ("OLCC"), pursuant to Oregon voters' 2014 mandate, and
3 implementing legislation and regulatory administrative rules. *Oregon*
4 *Measure 91 (adopted: Nov. 2014); Oregon House Bill 3400 (adopted: June*
5 *2015)*. Further, Oregon Administrative Rules recently adopted and
6 promulgated by OLCC (pursuant to legislative fiat), strictly regulate all
7 aspects of Oregon's production, processing, wholesale and retail distribution
8 of legal recreational commercial cannabis within the State of Oregon. See:
9 *OAR 845-025-1000 through OAR 845-025-8590. See attached Exhibit.*

7 **EXECUTIVE SUMMARY:**

8 **Location:** 1007 S. Pacific Hwy., Unit "G" | Talent
(the "Property" or "Site")

9 **Assessor's Map:** 38-1W-25BD, Tax Lot 90007.

10 **Zoning:** "CH" (Commercial Zone - Highway).
11 *Talent Zoning Code 8-3, Div. D, Art. 4.*

12 **Property Owner:** Green Tree Condominium LLC (Steve Rouse, Mgr.).
13 PO Box 3260 | Jacksonville, OR 97530

14 **Applicant:** Talent Health Club LLC (Jamin Giersbach, Mgr.).
15 215 Twin Oaks Rd. | Jacksonville, OR 97530

16 **Applicant's Agent:** Chris Hearn (OSB #911829)
17 DAVIS HEARN ANDERSON & TURNER PC
515 E. Main St. | Ashland, OR 97520

18 **Continuation of Use in Unit "G" of Existing Commercial Building (No**
19 **Modifications to Building)**. Applicant proposes no new construction or
20 modification to the existing commercial/light industrial building constructed
21 on the Property in 2008. Only a change in use of a portion of the existing
commercial building (Unit "G") is proposed – to allow OLCC-licensed and
regulated recreational cannabis sales. *See attached Exhibit.*

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 Again, Applicant has already been conducting limited recreational cannabis
2 sales on the property, as permitted by HB 3400 and OLCC Rules, since
3 October 1, 2015.

3 **Only Zoning Code Criteria Relevant to "Change in Use" Applicable.**

4 Only the City of Talent Zoning Code criteria relating to "change in use" in the
5 portion of the existing commercial building on the property are relevant to
6 the Commission's consideration of this application. City land use criteria
7 pertaining exclusively to site development or redevelopment are not
8 applicable to this Application, since Applicant will not undertake any
9 construction to the existing building constructed in 2008. Applicant will
10 remain in exactly the same space it currently occupies, and doing essentially
11 what it has been doing at that location for months already (subject to
12 additional products being approved for sale under the OLCC Rules).

9 **Site Characteristics:** The site was developed in 2008 by Green Tree
10 Condominium LLC (Steve Rouse, Mgr.), prior to annexation into City of
11 Talent. The Property consists of a commercial/light industrial development
12 consisting of seven attached commercial/industrial condominium units.
13 Applicant's retail space (Unit "G") is 1,346 sq. feet in size. The space is
14 surrounded exclusively by commercial and light industrial zoning and uses.
15 The building, constructed in 2008, contains seven (7) "units" within the
16 single metal-sided structure. Consistent with the Site's "CH" zoning, the
17 building is intended to bring new business and commerce to Talent, housing
18 a mix of newly-established office, retail, warehouse and light industrial uses.
19 Property owner Green Tree Condominium LLC (Steve Rouse) developed the
20 property in 2008, prior to annexation into City.

17 **Additional Background:** Applicant's recreational cannabis business will
18 strictly regulated (*See: OLCC Rules; see attached Exhibit*). The interior
19 configuration of security and the operation of this retail cannabis business
20 will be inspected, approved, and continually regulated by OLCC, pursuant to
21 strict regulations. *OAR 845-025-1000, et seq; see attached Exhibit.* Jamin
Giersbach of Applicant Talent Health Club LLC is also the owner/operator of
two other retail stores in Talent (Rogue Farmers and Highly Distributed).

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 Since Applicant has already been operating at this location as a medical
2 marijuana dispensary, and conducting limited state-approved recreational
3 cannabis sales for the past five months, parking needs are not expected to
exceed current on-site availability, which has proven more than adequate.

4 On January 4, Talent Health Club submitted its application to Oregon Liquor
5 Control Commission ("OLCC") for approval as a state-licensed recreational
6 cannabis retail sales facility. The OLCC license application requires a Land
Use Compatibility Statement ("LUCS") from the City within 21 days of the
OLCC request. *See attached Exhibit.*

7 **EVIDENCE SUBMITTED WITH APPLICATION**

8 This Application is supported by the following attached Exhibits (along with
9 any additional later-submitted supplemental evidence and testimony).

- 10 **EXHIBIT "1":** Legal Description of 1007 S. Pacific Hwy. | Talent,
11 OR. (To be provided.)
- 12 **EXHIBIT "2":** Overview - Talent Health Club
- 13 **EXHIBIT "3":** Property Site Plan
14 (County GIS 38-1W-25BD, Tax Lot 90007)
- 15 **EXHIBIT "4":** Operating Plan - Talent Health Club
- 16 **EXHIBIT "5":** Floor Plan - Talent Health Club
- 17 **EXHIBIT "6":** Zoning Map for 1007 S. Pacific Hwy. ("CH" Zone).
18 (Jackson County GIS - City Zoning)
- 19 **EXHIBIT "7":** Jackson County Assessor / County GIS Data.
- 20 **EXHIBIT "8":** Site Photos from County Assessor's File (07/16/2015).
- 21

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW
Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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EXHIBIT "9": Aerial photo.

EXHIBIT "10": Oregon Liquor Control Commission Rules regulating recreational cannabis retail licensees.
OAR 825-025-1000, et seq. (updated 12/21/2015).

EXHIBIT "11": Miscellaneous

EXHIBIT "12": Off-Street Parking – Updated Calculations.
(To be provided as supplemental Exhibit in advance of public hearing.)

SITE PLAN: *See attached Exhibits 3, 5, and 9.*

EXISTING TENANTS/USES IN NEW COMMERCIAL BUILDING: A list of existing tenants /uses in the commercial/light industrial building will be provided for purposes of parking calculations. *To be provided as supplemental exhibit upon receipt and analysis of records per public records request.*

STRICT REGULATION BY OLCC: In compliance with Rules recently adopted by OLCC and regulating licensed retailers of recreational cannabis products in Oregon, Applicant will be required to securely handle, store, and sell all products securely in an OLCC-compliant manner (demanding, *inter alia*, installation of several OLCC-compliant 24/7 security cameras, sophisticated alarm systems, and a variety of state-inspected and state-enforced transportation, delivery, handling, security and business operation protocols). *See attached Exhibit.*

All products entering and exiting the facility will at all times be transported in discreet, secure, and "smell-proof" packaging.

Although the required 24/7 security cameras and alarm system will be installed in the Unit "G", Applicant proposes no new construction in the space. No significant remodeling or construction or structural modification of

1 the existing space is necessary for Applicant’s business.

2 **RELEVANT SUBSTANTIVE REVIEW CRITERIA**

3 City’s substantive review criteria are reflected in the City of Talent Zoning
4 Code (the “Code”). The existing commercial/light industrial building was
5 constructed in 2008.

6 Applicant’s business is already conducting business in Unit “G” of the existing
7 7-unit metal-sided commercial/light industrial structure at 1007 S. Pacific
8 Hwy. Again, Applicant proposes a new use, to the extent Applicant will now
9 conduct OLCC-licensed and regulated recreational cannabis sales, although
10 Applicant has conducted OLCC-approved limited retail sales in the space
11 since October 1, 2015 in the now-existing commercial building constructed in
12 2008. Only those substantive review Code criteria applicable to new uses in
13 the existing commercial/light industrial building are relevant to consideration
14 of this Application.

15 **8-3 Division D. Article 4. COMMERCIAL ZONE HIGHWAY (CH)**

16 **8-3D.410 DESCRIPTION AND PURPOSE.** *The Highway Commercial
17 Zone (CH) (formerly Retail-Wholesale Commercial, C3) is intended to
18 accommodate businesses and trade oriented toward automobile and truck
19 usage. Tourist trade and heavy commercial or light industrial uses can also
20 be accommodated in this zone. The zone is best located along arterial
21 streets, and due to its exposure, high appearance standards are important.
Uses permitted in this zone are frequently incompatible with
pedestrian-oriented areas such as the Central Business District Zones CBD
and CBH.*

**8-3D.430 BUILDINGS AND USES SUBJECT TO TYPE-2 SITE
DEVELOPMENT PLAN REVIEW.** *No building, structure or land shall be
used, and no building or structure shall be hereafter erected, enlarged or
structurally altered; neither shall any land be developed, except for the
following uses, none of which shall include "drive-in," "drive-up" or*

1 "drive-through" facilities. Further, the following uses are permitted subject to
2 the provisions of Article 8-3L.1.

3 * * *

4 F. Retail (excluding sales of medical or recreational marijuana by
5 producers, wholesalers, processors and retail outlets) and
6 wholesale business and service establishments providing home
7 furnishings; nursery supplies; retail lumber, paint and wall
8 paper; plumbing, heating and electrical sales and service;
9 drapery, floor covering and tile sales. (emphasis added.)

10 * * *

11 **8-3D.450 BUILDINGS AND USES PERMITTED SUBJECT TO**
12 **CONDITIONAL USE REVIEW.** The planning commission may grant or
13 deny a conditional use permit in accordance with the procedure and
14 provisions set forth in Article 8-3L.2. The following uses permitted
15 conditionally in the CH zone meet the description and purpose set forth in
16 Article 8-3L.2.

17 * * *

18 D. Retail sales of medical or recreational marijuana.

19 **FINDING:** Applicant proposes an OLCC licensed/regulating
20 recreational cannabis retail sales business use in Unit "G"
21 of the existing commercial/light industrial building on the
Property where Applicant is presently conducting business.
OLCC licensed/regulating recreational cannabis retail sales
is a conditionally permitted use in the CH zone. Applicant's
proposed use may be approved as a conditional use in
City's CH Zone.

1 **8-3D.460 YARD REGULATIONS**

2 A. *Front yard. The front yard shall have a depth of not less than ten*
3 *(10) feet, including parking lots and internal access drives.*
4 *[amended by Ord. 782; 7/6/2005]*

5 **FINDING:** Applicant proposes no new site development, only a new
6 use in Unit "G" of the existing commercial/light industrial
7 building constructed on the Property during 2015. No
8 modification or new construction are proposed on the site.
9 The 2008 building complies with City's site development
10 criteria. This criterion is met.

11 B. *Side yard.*

- 12 1) *No side yard is required between commercially zoned*
13 *properties.*
- 14 2) *When abutting a lot in a residential zone, there shall be*
15 *minimum side yard of ten (10) feet.*
- 16 3) *A side yard abutting a street and/or alley shall have a*
17 *depth of not less than ten (10) feet.*

18 **FINDING:** The existing commercial building meets City's Site Plan
19 Review requirements. This criterion is met.

20 C. *Rear yard. No rear yard is required between commercially zoned*
21 *properties; when abutting a lot in a residential zone, there shall*
be a rear yard of not less than ten (10) feet. No structural
improvements except road surfacing shall be allowed within ten
(10) feet of the centerline of an alley.

FINDING: Property to rear of existing commercial building is zoned
Neighborhood Commercial ("CN"). Applicant proposes no

1 modifications to the site or structure. This criterion is met.

2 *D. Existing residential uses. For existing residential uses or*
3 *structures, setbacks in conformance with the RS-7 residential*
4 *zone shall apply.*

5 **FINDING:** Applicant’s proposal does not involve existing residential
6 uses or structures. This criterion is inapplicable.

7 *E. Exceptions to setback provisions shall be made and shall be*
8 *required on corner lots where vision clearance for automobiles*
9 *would be impaired by strict observance of the provisions.*
10 *[amended by Ord. 782; 7/6/2005]*

11 **FINDING:** The Property is not a corner lot. This criterion is
12 inapplicable.

13 **8-3D.470. LOT AREA AND DIMENSIONS.** *In the CH zone, the minimum*
14 *lot area shall be six thousand (6,000) square feet. The minimum lot width*
15 *shall be sixty (60) feet and the minimum lot depth shall be one hundred*
16 *(100) feet.*

17 **FINDING:** The lot area is conforming and fully developed with
18 existing improvements approved constructed during 2008
19 and thereafter annexed into City. The lot width is greater
20 than sixty (60) feet and its depth is greater than one
21 hundred (100) feet. According to County Assessor
records, the lot area is 29,185 square feet. This criterion is
satisfied.

8-3D.480 LOT COVERAGE RESTRICTION. *In the CH zone there shall be*
no lot coverage restrictions except as provided in the yard setback and
off-street parking regulations.

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FINDING: During 2008, the Property was developed in a manner consistent with the City’s applicable site review criteria. The now-existing commercial building on the property was constructed in 2008 in accordance with that approval. The building has, Applicant’s knowledge, never received notice of nonconformity with City’s site design criteria . Applicant proposes no construction or modifications to the Property or the approved Site Plan. The applicable lot coverage restrictions are met.

8-3D.490 PARKING AND ACCESS REQUIREMENTS. *Off-street parking and loading spaces and access shall be provided as prescribed in Articles 8-3J.5 and 8-3J.6.*

FINDING: The relevant parking an access requirements are discussed in connection with Articles 8-3J.5 and 8-3J.6, below. Applicant meets the relevant parking and access requirements. Applicant is awaiting further data pursuant to a public records request and will provide further evidence in the form of a supplemental Exhibit establishing this criterion is satisfied, in advance of the public hearing on the application.

8-3D.495 LANDSCAPING, FENCES, WALLS AND SIGNS. *All areas not occupied by structures, roadways or parking areas, walkways, bicycle paths, patios or other specific uses shall be landscaped and maintained. Fences, walls, hedges and screen plantings shall be permitted in conformance with Article 8-3J.3. All fences, walls, hedges and screen plantings shall be properly maintained. Signs shall be permitted and in conformance with Article 8-3J.7.*

FINDING: The Property was developed in 2008, and Applicant believes it meets all City criteria concerning landscaping, fences, walls, and signs. Applicant proposes no new development, construction or modification to the recently

constructed building. The applicable lot coverage restrictions are met.

8-3D.496 BUFFERING. *When a development or use is proposed on property within the CH zone which abuts or is adjacent to a conflicting land use zone or an incompatible but permitted use within the same zone, the planning commission shall require a buffer sufficient to protect the intent of the adjacent zone or the integrity of the incompatible use. In many cases a fence, wall, hedge or screen planting along the property line closest to the conflicting use or zone will be sufficient. However, the type of buffer shall be considered in relation to existing and future land use, the degree of conflict between adjacent uses, and the amount of permanence desired. Buffers may consist of spatial separation, physical barriers, landscaping, natural topography or other features. The greatest amount of buffering shall be required where necessary to protect an agricultural resource. Proposed buffers shall be subject to the approval of the planning commission, who shall review the buffering for adequacy and appropriateness as part of the site development plan review.*

FINDING: During 2008, the Property was developed in a manner consistent with City site design and review criteria. The now-existing commercial building on the property was constructed in accordance with that approval. Applicant proposes no modifications to the Property or to the approved Site Plan. The property is bordered on all sides by existing commercial and light industrial uses. No nearby residential use exists. This criterion is satisfied.

8-3 Div. J; Article 5 (Off-Street Parking and Loading Criteria):

8-3 J.510 DESCRIPTION AND PURPOSE

The purpose of this Article is to set forth the off-street parking and loading requirements for the various buildings and uses permitted in the City.

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 **8-3 J.515 GENERAL**

2 *No building or other permit shall be issued until plans and evidence are*
3 *presented to show how the off-street parking and loading requirements set*
4 *forth below are to be fulfilled, and that property is and will be available for*
5 *exclusive use as off-street parking and loading space. Every use hereafter*
6 *inaugurated and every building hereafter erected or substantially altered or*
7 *enlarged shall have permanently maintained parking spaces in accordance*
8 *with the provisions of this Article. The subsequent use of the property for*
9 *which a building permit is issued shall be conditional upon the unqualified*
10 *continuance and availability of the amount of parking and loading space*
11 *required by this Article.*

8 **8-3 J.520 OFF-STREET LOADING**

9 *Every hospital, institution, hotel, commercial or industrial building hereafter*
10 *erected or established, and every existing structure enlarged or changed for*
11 *these uses within any zone of the City, having a gross floor area of 10,000*
12 *square feet or more, shall provide and maintain at least one (1) off-street*
13 *loading space plus one additional off-street loading space for each additional*
14 *20,000 square feet of gross floor area. Any use requiring one-half or more of*
15 *a loading space shall be deemed to require the full space. Each loading space*
16 *shall be at least ten (10) feet in width, twenty-five (25) feet in length, and*
17 *have fourteen (14) feet vertical clearance.*

14 **FINDING:** The existing commercial building on the Property was
15 constructed during 2008. Applicant believes this criteria is
16 met and will provide additional supporting documentation
17 in advance of the public hearing in the form of a
18 supplemental Exhibit when additional requested
19 information pursuant to a public records request is
20 received and reviewed.

19 **8-3 J.525 PERMIT AND REVIEW REQUIRED OF ALL OFF-STREET
20 PARKING LOT SURFACING AND RESURFACING PROJECTS.**

20 *No parking lot shall be surfaced or resurfaced without a building permit and*
21 *until the project plans have been submitted to the City planning office for*

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 review to insure conformance with the provisions of this article. If the staff
2 advisor determines that the project plans conform to the provisions of this
3 article, this person shall so certify on a copy of plans, retain one copy in the
4 planning office files, and return a copy to the applicant. If a question arises
5 as to the project's conformance with the provisions of this article, the staff
6 advisor shall subject the project to a site development plan review without a
7 public hearing.

8 **FINDING:** Applicant does not propose any paving, surfacing or
9 resurfacing of parking areas on the Site. The criteria in
10 8-3 J.525 are not applicable to this Application.

11 **8-3 J.530 OFF-STREET PARKING**

12 *Off-street parking spaces shall be provided and maintained as set forth in*
13 *this Article for all uses in all zoning districts, except in the Central Business*
14 *District Zone (CBD), or as otherwise provided at the time:*

- 15 A. *A new building is hereafter erected or enlarged; or*
- 16 B. *The use of a building or property is hereafter changed to another*
17 *use with greater parking requirements, provided that if the*
18 *enlargement of a building existing at the time hereof is less than*
19 *fifty percent (50%) of the gross floor area, parking space shall*
20 *be required in proportion to the increase only. Any use requiring*
21 *one-half or more of a parking space shall be deemed to require*
the full space. The provision and maintenance of off-street
parking space is a continuing obligation of the property owner.

FINDING: Applicant's proposal does not request any enlargement or
other modifications to the existing commercial building
constructed in 2008. Applicant's proposal requests
approval of a new use at its current location (Unit "G").
Applicant will provide revised off-street parking calculations
in the form of an exhibit reflecting the new and existing
business currently leasing the other commercial-light

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 industrial spaces-suites in the existing building. This
2 criterion is met.

3 **8-3 J.540 NUMBER OF OFF-STREET PARKING SPACES REQUIRED:**

4 A. The number of off-street parking spaces required shall be not less than
5 as set forth in Table 540-1, except as otherwise provided in this Article.

6 **Table 540-1. Parking Requirements by Use.**

Commercial Uses	
<i>Banks, office buildings, business and professional offices,</i>	<i>Medical and Dental offices- one space per 350 square feet of gross floor area; General Offices- one space per 450 square feet of</i>
<i>Barber and beauty</i>	<i>1 space for every 200 square feet of</i>
<i>Recreational or entertainment</i>	
<i>Stadiums, theaters, assembly halls</i>	<i>1 space for each 60 square feet of gross floor area, or 1 space per 4 seats or 8 feet of bench length, whichever is greater</i>
<i>Skating rinks, dance halls, pool</i>	<i>1 space for each 100 square feet of gross floor area</i>

<i>Hotels and Motels</i>	<i>1 space per guest room plus 1 space for</i>
<i>Retail establishments,</i>	<i>1 space for each 400 square feet of gross floor area</i>
<i>Nursing homes, homes for the aged, group care homes, assisted</i>	<i>1 space for each 2 beds for patients and/or residents</i>
<i>Restaurants, taverns or</i>	<i>1 space per four seats or one space for each 100 square feet of gross floor,</i>
<i>Service or repair shops; retail stores exclusively handling bulky merchandise</i>	<i>1 space for each 750 square feet of gross floor area</i>

21 **PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW**

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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Industrial Uses (See next page)

Industrial Uses

Industrial uses listed as permitted in the Light Industrial Zone.

2 spaces minimum, plus one space per 2 employees on the maximum shift, or 1 space for each 700 square feet of gross floor area, whichever is less, plus one space per company vehicle.

FINDING:

Applicant has submitted a public records request and will provide updated supplemental off-street parking calculations. (Applicant is awaiting review of additional documentation from City concerning parking calculations made in connection with the other tenants who recent leased units in the building.) For the calculations will be accurate. The revised off-street parking calculations based on square footage and tenant uses will be submitted as supplemental exhibit.

8-3L.150 REQUIRED FINDINGS FOR APPROVAL OF PLAN. After an examination of the site, the Planning Commission shall approve, or approve with conditions the site development plan if all of the following findings are made:

A. All provisions of this Chapter and other applicable City ordinances and agreements are complied with;

FINDING: Applicant addresses the applicable provisions of City’s Zoning Code, ordinances and agreements. This criteria is satisfied.

B. The proposed development will be in conformance with the intent and objectives of the zone in which it will be located;

FINDING: The intent and objectives of the relevant CH zone are provided in City’s Zoning Code as follows:

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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"8- 3 D. 410. DESCRIPTION AND PURPOSE. *The Highway Commercial Zone (CH) (formerly Retail-Wholesale Commercial, C3) is intended to accommodate businesses and trade oriented toward automobile and truck usage. Tourist trade and heavy commercial or light industrial uses can also be accommodated in this zone. The zone is best located along arterial streets, and due to its exposure, high appearance standards are important. Uses permitted in this zone are frequently incompatible with pedestrian- oriented areas such as the Central Business District Zones CBD and CBH."* City of Talent Zoning Code, pg. D-17.

Applicant proposes a recreational cannabis retail establishment which will accommodate business and trade oriented toward automobile and truck usage. It is located on S. Pacific Hwy., a major regional arterial (State Highway 99). The intent and objectives of the CH zone are met by Applicant's proposed use in Unit "G" of the existing commercial/light industrial building at 1007 S. Pacific Hwy. Applicant meets this criteria.

C. All applicable portions of the City comprehensive plan or other adopted plan are complied with;

FINDING: City's Comprehensive Plan designation for the CH zone are consistent with the "Description and Purpose" provisions reflected in 8- 3 D. 410, quoted above. Applicant satisfies this criteria.

D. The proposed development will be compatible with or adequately buffered from other existing or contemplated uses of land in the surrounding area;

FINDING: Applicant proposes no new "development" of the Property. Commercial development of the Property was previously approved by County and annexed into City. The existing commercial/light industrial building was constructed on the Property during 2008. City has not previously indicated the site or existing structure are non-conforming.

1 E. *That no wastes, other than normal water runoff, will be conducted*
2 *into City storm and wastewater facilities;*

3 **FINDING:** Applicant proposes no new development of the Property.
4 Applicant will not put any waste into City storm or
wastewater facilities. OLCC Rules regulate and prohibit such
waste disposal. Applicant satisfies this criteria.

5 F. *The following are arranged so that traffic congestion is avoided,*
6 *pedestrian and vehicular safety, solar access, historic sites, and*
7 *the public welfare and safety are protected, and there will be no*
8 *adverse effect on surrounding property:*

9 1. *buildings, structures, and improvements;*

10 2. *vehicular and pedestrian ingress and egress, and internal*
11 *circulation;*

12 3. *parking and loading facilities;*

13 4. *setbacks and views from structures;*

14 5. *walls, fences, landscaping and street and shade trees;*

15 6. *lighting and signs; and*

16 7. *noise generation facilities and trash or garbage depositories.*

17 **FINDING:** During 2008, the Property was developed by permitted
18 construction of a commercial/light industrial building and
19 other improvements consistent with the approved County
20 Site Plan. The existing structure is conforming. The
21 applicable lot coverage restrictions are met.

G. *The applicant has made any required street and other needed*
public facility and service improvements in conformance with the
standards and improvements set forth in this Chapter and the
applicable portions of the City Subdivision Code, or has provided
for an adequate security arrangement with the city to ensure that
such improvements will be made.

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 **FINDING:** During 2008, the Property was developed by construction of
2 a commercial building and other improvements consistent
3 with the approved Site Plan. Applicant proposes no new
4 construction or modification of the Property or the approved
5 Site Plan. To the extent this criterion is applicable to
6 Applicant's proposal, it is satisfied.

7 **8-3L.244 GENERAL CRITERIA FOR APPROVAL.** *In judging whether or
8 not a conditional use permit shall be approved or denied, the Planning
9 Commission shall find that the following criteria are either met, can be met by
10 observance of conditions, or are not applicable. A conditional use may be
11 granted only if:*

12 A. *The proposed use is consistent with the City of Talent
13 Comprehensive Plan.*

14 **FINDING:** Applicant proposes a recreational cannabis retail
15 establishment use in the existing commercial development
16 where it has already been operating in a professional and
17 responsible manner. Recreational cannabis retail
18 establishment use is permitted within the CH zone, and is
19 consistent with City's Comprehensive Plan. Applicant meets
20 this criterion.

21 B. *The proposed use is consistent with the purpose of the zoning
 district.*

FINDING: The intent and objectives of the relevant CH zone are
 provided in City's Zoning Code as follows:

*"8- 3 D. 410. DESCRIPTION AND PURPOSE. The Highway
 Commercial Zone (CH) (formerly Retail-Wholesale Commercial,
 C3) is intended to accommodate businesses and trade oriented
 toward automobile and truck usage. Tourist trade and heavy
 commercial or light industrial uses can also be accommodated in
 this zone. The zone is best located along arterial streets, and due
 to its exposure, high appearance standards are important. Uses
 permitted in this zone are frequently incompatible with
 pedestrian-oriented areas such as the Central Business District
 Zones CBD and CBH." City of Talent Zoning Code, pg. D-17.*

PROJECT DESCRIPTION; FINDINGS OF FACT; CONCLUSIONS OF LAW

Applicant: Talent Health Club LLC | 1007 S. Pacific Hwy., Unit G | CUP 2016-002

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1 Applicant proposes a recreational cannabis retail establishment which
2 will accommodate business and trade oriented toward automobile and
3 truck usage. It is located on S. Pacific Hwy., a major regional arterial
4 (State Highway 99). The intent and objectives of the CH zone, where
5 Applicant proposes to site its retail business, are satisfied by Applicant's
6 proposed use in the existing commercial/light industrial building.
7 Applicant meets this criteria.

8
9 *C. The proposed use and development is found to meet the required
10 findings of 8-3L.150, "Required Findings for Approval of Plan," set
11 forth for approval of a site development plan review.*

12
13 **FINDING:** The findings for approval consistent with the provisions of 8-
14 3L.150 are addressed above, and incorporated here by
15 reference. Applicant's proposal satisfies this criteria.

16
17 *D. The proposed use will not adversely affect the livability, value, and
18 appropriate development of abutting properties and the
19 surrounding area, compared to the impact of uses that are
20 permitted outright. Testimony of owners of property located within
21 two hundred and fifty (250) feet of the boundaries of the property
in question shall be considered in making this finding.*

FINDING: The proposed recreational cannabis retail business will be
subject to OLCC Rules. See attached Exhibits. It will be a
low-impact business, strictly regulated and monitored by a
well-funded and responsible State agency (OLCC). It will
only conduct business as permitted by the strict OLCC Rules.
The impacts of Applicant's proposed use on the surrounding
neighborhood will be minimal to non-existent. No residential
uses surround Applicant's establishment. This criteria is
satisfied.

*E. All required public facilities have adequate capacity to serve the
proposal. System Development Charges will be assessed at the
time a building permit is issued. Additional SDCs will be assessed
for change in use that are more intense than a pre-existing use.*

FINDING: The existing commercial building was constructed during
2008, and later annexed by City. This criteria is satisfied.

1 F. The site size, dimensions, location, topography, and access are
2 adequate considering such items as the bulk, coverage or density
3 of the proposed development; the generation of traffic;
4 environmental quality impacts; and health, safety or general
5 welfare concerns.

6 **FINDING:** The existing building constructed in 2008 met all the above
7 criteria. This criteria is satisfied.

8 G. The City of Talent has adequate firefighting equipment to protect
9 the structure, as verified by the Talent Fire Chief, or arrangements
10 have been or will be made by the developer to insure that
11 adequate equipment will be available before the occupancy of the
12 building for any use.

13 **FINDING:** The existing building was constructed during 2008, and
14 thereafter annexed by City. Applicant plans no construction
15 or modification of the existing site/building. This criteria is
16 satisfied.

17 **ATTACHMENTS:** Exhibits as referenced above.

18 **CONCLUSIONS OF LAW**

19 Applicant's request for a conditional use permit allowing an OLCC-licensed and
20 regulated recreational cannabis retail business use in Unit "G" of the existing
21 commercial/light industrial building constructed in 2008, thereafter annexed
into City of Talent, and located at 1007 S. Pacific Highway, satisfies the
relevant substantive review criteria established in the City of Talent Zoning
Code. Applicant's application filed as CUP 2016-002 should be approved.

DATED: March 2, 2016

Respectfully submitted,

DAVIS HEARN ANDERSON & TURNER PC



Christian E. Hearn (OSB #911829)
Attorneys for Applicant
Talent Health Club LLC

Attachments: Exhibits

EXHIBIT "1" (Legal Description of Subject Property)

Recording Requested By:
Steven W. Rouse and Louise B. Rouse
P.O. Box 3260
Jacksonville, OR 97530

When Recorded Return To:
Davis, Hearn, Saladoff & Bridges, P.C.
515 E. Main St.
Ashland, OR 97520

Mail Tax Statements To:
Steven W. Rouse and Louise B. Rouse
P.O. Box 3260
Jacksonville, OR 97530

Jackson County Official Records **2008-018618**

R-BSO
Cnt=1 Stn=5 SHINGLJS **05/16/2008 08:44:28 AM**

\$10.00 \$5.00 \$5.00 \$11.00 **Total:\$31.00**



I, Christine Walker, County Clerk for Jackson County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.
Christine Walker - County Clerk

(This Space for Recorder's Use)

Note: Property subject to Application includes only Unit "G"

BARGAIN & SALE DEED

Steven W. Rouse and Louise B. Rouse, husband and wife (Grantors), hereby convey and warrant unto Green Tree Condominium, LLC, an Oregon limited liability company (Grantee), all of their interest in that real property situated in Jackson County, State of Oregon and described as:

Parcel No. Three (3) of Partition Plat No. P-24-2006, recorded March 14, 2006 in Record of Partition Plats in Jackson County, Oregon, and filed as Survey No. 19105 in the Office of the County Surveyor.

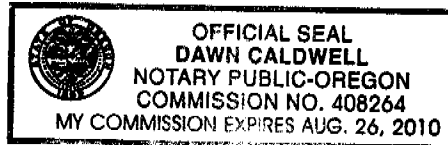
This conveyance is made in connection with the formation of Grantee by the members thereof, and there is no money consideration for same.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301, AND 195.305 TO 195.336, AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007.

DATED: May 9, 2008.

Steven W Rouse
STEVEN W. ROUSE

Louise Rouse
LOUISE B. ROUSE



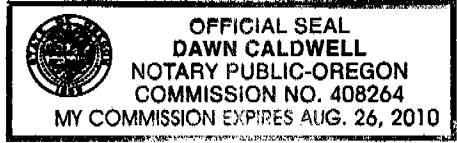
State of Oregon)
County of Jackson)

On May 9, 2008, before me, the undersigned Notary Public, personally appeared the above-named

STEVEN W. ROUSE and LOUISE B. ROUSE, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to this Bargain & Sale Deed, and acknowledged that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument. I declare under penalty of perjury that the persons whose names are subscribed to this instrument appear to be of sound mind and under no duress, fraud, or undue influence.

WITNESS my hand and official seal

Dawn Caldwell
Notary Public in and for Oregon
My Commission Expires: 8/26/10



2'

EXHIBIT "2" (Overview)

Talent Health Club LLC

1007 S. Pacific Highway, Unit G
Talent, OR 97540
(541) 897-4111

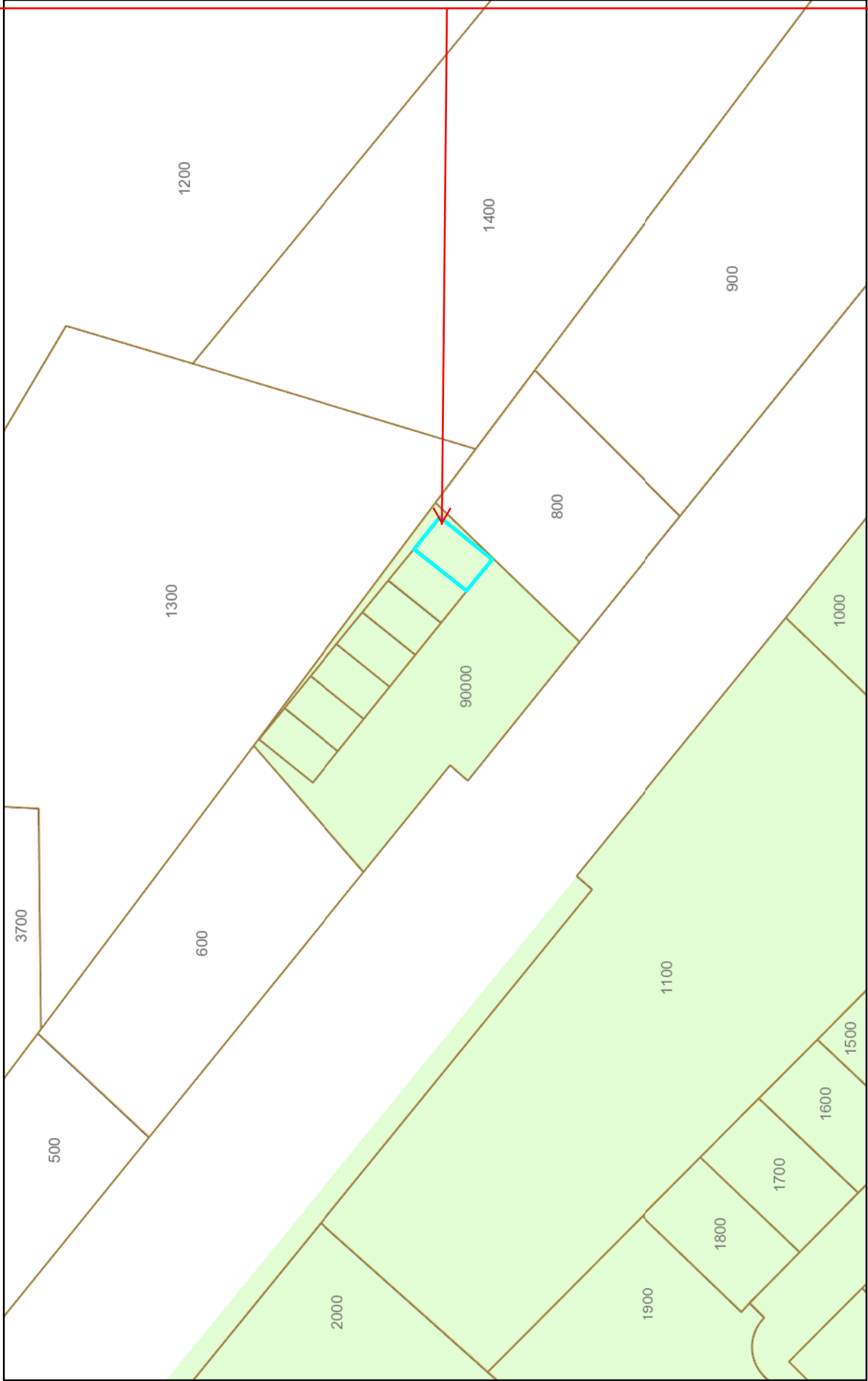
Jamin Giersbach
(917) 776-7772
jamin@talenthealthclub.com

Overview

Talent Health Club has been in operation as an OHA-registered medical marijuana dispensary since the advent of the dispensary program. We have been highly regarded in the area for years, and were even used as an example of a responsible dispensary by Representative Peter Buckley during the 2015 legislative session. We now wish to take our expertise gained from the medical marijuana program to the recreational market.

Talent Health Club is not undergoing any changes for the transition to recreational. We have been selling limited products to the recreational market since October when the OLCC put the program in place. We have seen very little change since October. There has been a small increase in traffic. We have had to post some new signs inside the store. When we transition to full recreational sales we will stop selling to medical so the traffic will decrease on the medical side and increase on the recreational side. We anticipate this will happen in October but the OLCC doesn't have a firm date. Recreational customers will be allowed to purchase edible and extracts which they are currently prohibited from purchasing. The jurisdiction will change from OHA to OLCC. In addition Talent Health Club will start changing the 25% tax on medicated products that is required under measure 91. The tax money will be distributed back to the state and will be used to pay for state and local services. Overall we don't see much change and we look forward to educating customers and working in our community to make Talent Oregon a great place to live and work.

EXHIBIT "3" 1007 S. PACIFIC HWY. SUITE G - TALENT HEALTH CLUB



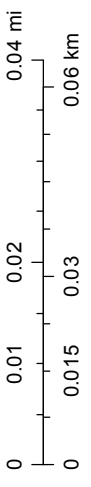
March 3, 2016

County Line

Streets - Label Only

Taxlots


1:1,200




Jackson County GIS



February 20, 2016

 County Line

 Streets - Label Only


 Taxlots

EXHIBIT "4" (Operating Plan)

Talent Health Club LLC



1007 S. Pacific Highway, Unit G
Talent, OR 97540
(541) 897-4111

Jamin Giersbach
(917) 776-7772
jamin@talenthealthclub.com

OPERATING PLAN

Talent Health Club has been in operation as an OHA-registered medical marijuana dispensary since the advent of the dispensary program. We have been highly regarded in the area for years, and were even used as an example of a responsible dispensary by Representative Peter Buckley during the 2015 legislative session. We now wish to take our expertise gained from the medical marijuana program to the recreational market. In this operating plan we outline our security plan, employee qualification and training plan, transportation plan and minor prevention plan as required by OAR 845-025-1030(4)(f).

1. Security Plan

We have obtained a security plan from Advanced Systems and Professional LLC. A floor plan is attached to this application as well that shows camera placement and other security features. Because we are in operation as a medical marijuana dispensary registered with the Oregon Health Authority (OHA), we have installed security features to meet such requirements. We have read and understand all additional minimum requirements for an Oregon Liquor Control Commission (OLCC) license. We will work with Advanced Systems and Professionals LLC to install any additional security measures to comply with the security requirements in OAR 845-025-1400 through OAR 845-025-1470.

a. Physical Security Requirements

In compliance with OAR 845-025-1410, we take responsibility for all marijuana and marijuana products on the licensed premises, and intend to go beyond minimum requirements to prevent theft and diversion and maintain records that are required to be kept.

At a minimum, we will implement the following security requirements:

- use commercial grade locks on all required doors;
- ensure that all entrances and exits will be securely locked during hours when we are not operating, and keys possessed only by authorized individuals;
- ensure that all marijuana items on our licensed premises are properly secured, in accordance with OAR 845-025-1410(3), when we are not operating;
- ensure that all refrigerators storing edibles are locked and bolted to the ground;

1 – OPERATING PLAN

- have and use an encrypted network through a service provider contract with PDX Security;
- have and use an electronic backup system for all electronic records; and,
- keep all non-electronic records in a locked storage area.

The facility manager, in consultation with our security company, will ensure that all external doors of the premises include commercial-grade door locks that meet ANSI/BHMA standards for such locks and that all locks and security equipment remain in good working order. We may implement key card secure access locks that ensure only authorized personnel may enter the premises.

Facility employees will be responsible for making sure all entrances and exits are security locked during hours when we are not operating. We have internal security policies and procedures, and all employees that open or close the store will be trained to properly secure all entrances and exits. Any keys, access control cards, and security codes will only be possessed by the facility manager and authorized individuals who have been trained on how to secure the premises. Only managers may grant temporary access to any employee, contractor, or visitor.

When not available for sale, all marijuana items on our premises are kept in a safe area, (comprising of a safe, vault, or secure refrigerator) as defined in OAR 845-025-1015. It is the responsibility of the facility manager to ensure that the safe, vault, or refrigerator meets requirements and is documented herein prior to operation of the equipment under OAR 845-025-141(3)(b). Any cash kept on the premises after hours will be secured in the vault or safe. In addition, any cash that is in excess of what is required to perform day to day business will also be stored in a safe or vault that meets the specifications described herein.

Any safe on the premises will be of commercial grade, made of metal, and of a size that is capable of storing all of the marijuana items anticipated to be on the premises. The safe will be securely anchored to a permanent structure, or weigh more than 750 pounds. Per OLCC rules, "vault" means an enclosed area or room that is constructed of steel-reinforced or block concrete and has a door that contains a multiple-position combination lock or the equivalent, a relocking device or equivalent, and a steel plate with a thickness of at least one-half inch. If we maintain any marijuana items that require refrigeration on the premises, those items will be securely enclosed in a refrigerator or freezer capable of being locked. Like the safe, the refrigerator will be securely anchored to a permanent structure of an enclosed area and will be immovable, or will weigh more than 750 pounds.

As appropriate, our network infrastructure will be encrypted and password protected, in accordance with OAR 845-025-1410(4)(a). Software will require security measures such as password lockouts, login timeouts, use of strong passwords, periodic required password changes, and ability for administrators to disable users. We will consult with our security company, software vendors, and OLCC to ensure our network infrastructure and encryption is secure.

All electronic records will be stored both onsite in short-term storage, and off-site, in long term backup storage. Onsite back-up records storage may include electronic media that is backed up on a daily basis on a secure server. The secure server will be physically located in a secure room on the premises. Offsite secure data storage will be managed by a third party data storage provider.

2 – OPERATING PLAN

All archived required records not stored electronically will be stored in a locked storage area. Current records may be kept in a locked cupboard or desk outside the locked storage area during hours when the licensed business is open.

b. Alarm System

Advanced Systems and Professionals LLC will install, maintain and monitor an alarm system that complies with OAR 845-025-1420. At a minimum, our alarm system will:

- cover all required points of entry and exit, and windows;
- be capable of detecting movement;
- include at least two panic buttons; and
- is programmed to notify Security First Alarm and law enforcement of any breach or use of a panic button.

The alarm system will be activated on all exits and entries and perimeter windows at all times when the licensed premises is closed for business. The system will detect unauthorized entrance at all entrance and exit points, and all exterior windows, of the licensed premises.

The alarm system will also have motion sensors that detect movement within the licensed premises when we are closed for business.

In accordance with OAR 845-025-1420(2), our alarm system will be programmed to notify our security company, that will notify our facility manager, or authorized assignee, in the event of a breach. If unavailable, law enforcement will be contacted.

At least two panic buttons will be installed and available for employees to access. The buttons will be placed within reach of personnel as recommended by our security company. Once pressed, the panic buttons will immediately send text and email alerts to all parties involved. The facility manager will be responsible for ensuring the alarm system and panic buttons are in proper working order, and the system will be tested periodically, as recommended by our security company.

Upon request we will make all information related to our security alarm system and alarm activity available to the OLCC in accordance with OAR 845-025-1420(3).

The alarm system will be armed as the last employee is leaving for the day.

c. Video Surveillance Equipment

In compliance with OAR 845-025-1430 through OAR 845-025-1460, we have an operational video surveillance recording system. This system includes the following components:

- digital or network recorders;
- appropriate cameras that continuously record for 24 hours per day, and that comply with stated date and time stamp, resolution, frame rate and placement requirements;
- video monitors, including one on the licensed premises that allows a viewer to review surveillance videos;

3 – OPERATING PLAN

- digital archiving devices that retain recordings for a minimum of 30 calendar days (or more, if requested by the OLCC) in the format specified by the OLCC;
- secure off-site storage for backup copies of video surveillance;
- a printer capable of producing still photos;
- a failure notification system;
- backup battery power capable of supporting one hour of recording;
- a surveillance equipment maintenance activity log; and,
- a current list of all authorized employees and service personnel who have access to our surveillance system.

Cameras in use meet the following minimum standards:

- all cameras record at a resolution of 1280 x 720 pixels;
- cameras covering limited access areas record at a minimum of 10 frames per second;
- cameras covering non-limited access areas record at a minimum of 5 frames per second;

Cameras will be placed to cover the following areas of the premises:

- all point-of-sale areas;
- all limited access areas;
- all points of entry and exit from limited access areas; and
- all points of entry and exit from the licensed premises.

Our video surveillance recording system is capable of recording all required surveillance areas in any lighting condition.

Surveillance recording equipment is housed in a designated, locked and secured room or enclosure. Access to such equipment is limited to authorized personnel, OLCC employees, and law enforcement. Entrance to the office shall be locked whenever the office is not in use, and accessible by a key or electronic keying system.

The facility manager will maintain a current list of all authorized employees and service personnel who have access to the surveillance system and room on the licensed premises.

The facility manager will keep a surveillance equipment maintenance activity log on the licensed premises to record all service activity including the identity of any individual performing the service, the service date and time, and the reason for service to the surveillance system.

2. Employee Qualifications and Training Plan

As a retail licensee, we will employ a facility manager, and additional service staff as needed. Our facility manager will be a person who has been working with us in the existing dispensary. He is already well-versed in the laws as they apply to the medical marijuana dispensary program, and will receive additional training to ensure that he is knowledgeable about the recreational laws. Many of our other employees will come from our existing medical dispensary staff, who have been previously trained in compliance with OHA rules. They will receive training to ensure that they understand and comply with all additional requirements for the new license.

4 – OPERATING PLAN

We will only hire individuals who are 21 years of age or older. Under OAR 845-025-5500, we will require existing and new employees to apply for and secure an OLCC Marijuana Handler Permit. Each employee will be required to complete our company's training program before beginning work; this training program will include an overview of relevant state laws, OLCC rules, and our internal control policies and procedures. We have previously created training materials for our medical dispensary, which have been updated to conform to all new requirements. These consist of a detailed employee handbook as well as review checklists for management to assess new employees' readiness for work. In particular, the safety and health of our employees is critical. We will provide training and support regarding communicable diseases, hand washing, personal hygiene, litter and waste.

In compliance with OAR 845-025-2050, we will maintain standard operating procedures. Employees will receive training on those operating procedures and our facility will maintain a copy in an easily accessible location. We will also maintain all materials required by Oregon employment law and BOLI so each employee understands their employment rights.

3. Transportation Plan

As a recreational retail facility, we plan only to receive usable marijuana and cannabinoid products from recreational licensed producers, processors, or wholesalers. Only the facility manager on duty will be authorized to receive product.

We will only work with licensed suppliers who transport marijuana items to our licensed premises in compliance with OAR 845-025-7700. In particular, we understand that suppliers must adhere to the following:

- transportation is conducted by only licensee representatives with a valid Oregon Driver's License and in only properly insured vehicles;
- marijuana items are secured and locked;
- perishable marijuana items are kept in a temperature controlled area;
- marijuana items are properly packaged and labeled;
- every transport is accompanied by a printed manifest generated using CTS that contains the information required in OARs 845-025-7700(3)(b) and (4);
- a printed manifest is provided to each transport recipient;
- printed manifests or printed receipts are provided in response to law enforcement or government agency requests;
- the OLCC is notified if a transport vehicle is involved in an accident that involves product loss; and
- every transport takes a direct route and does not make any unnecessary stops.

If we become aware of any non-compliance, we will notify the licensed supplier of the non-compliance and request that the non-compliance be corrected. If we become aware that any non-compliance is not corrected, we will not conduct business with such supplier and notify the OLCC of intentional non-compliance.

4. Minor Prevention Plan

5 – OPERATING PLAN

We will prevent minors from entering the licensed premises, obtaining marijuana items, or attempting to obtain marijuana items as required by OAR 845-025-1230(6)(a) and OAR 845-025-8520.

In particular, we will:

- post signage, at each licensed premises and point of sale that reads, “No Minors Permitted Anywhere on This Premises”;
- sell and produce only products that are packaged in child-resistant containers; and
- implement policies that require all employees, before a sale is made, to check a consumer’s identification to verify that the consumer is at least 21 years of age.

We will also ensure that we do not allow any of the following:

- the sale, delivery or transfer of any marijuana items to any person under 21 years of age;
- the production or sale of marijuana items that, by their shape and design, are likely to appeal to minors;
- the production or sale of marijuana items that are packaged or labeled in a way that is “attractive to minors”; or
- advertisement that could be reasonably considered to target individuals under the age of 21.

Packaging, labeling and advertising of products that we will sell will not contain cartoons, toys, or other similar images and items typically marketed towards minors. Similarly, packaging, labeling and advertising of products that we will sell will not resemble or utilize a design, brand, symbol, celebrity or name that is typically marketed to minors.

We understand the importance of preventing minors from gaining access to marijuana items, and plan to go beyond the requirements in the OLCC’s administrative rules.

Parking Lot

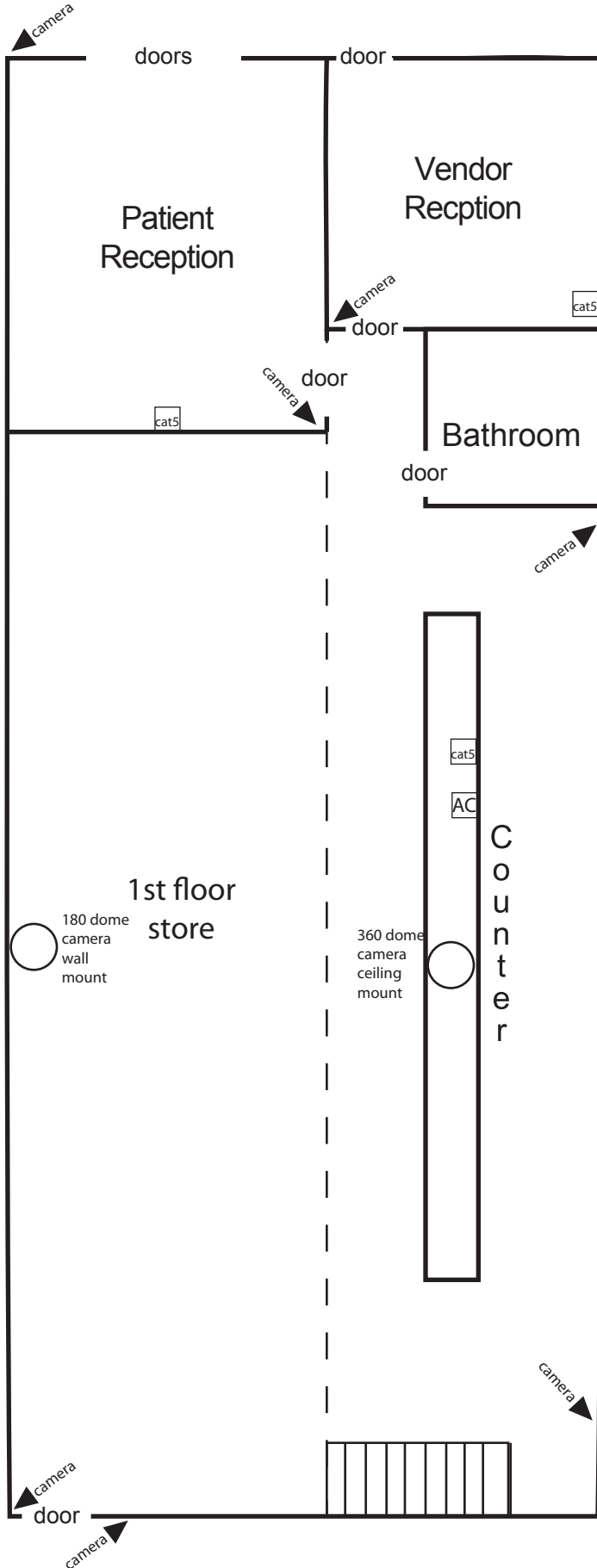
EXHIBIT "5" (Floor Plan)

AC — AC Receptacal

cat5 — Cat5 network

camera ►

◄ camera



Talent Heath Club

Floor Plan

4/14/04

Melissa Giersbach

1007 S. Pacific HWY

Unit G

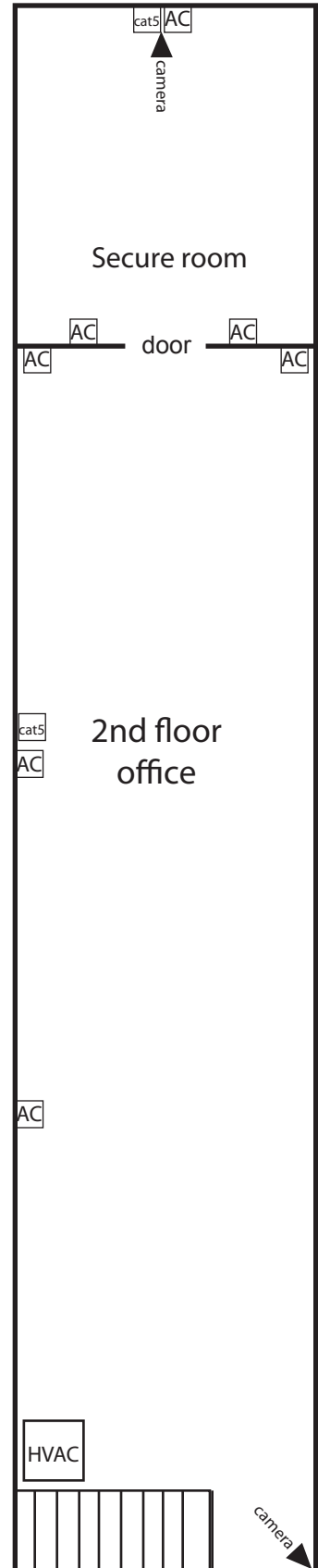


EXHIBIT "6" (Zoning)

Layer | Legend

Property Data Online Legend

-  Highlighted Feature
-  Tax Lot Outlines
-  Tax Lot Numbers
-  I-5 (Interstate)
-  I-5 N
-  I-5 S
-  Talent Zoning
-  CN
-  CBD
-  CBH
-  CH
-  CI
-  IL
-  RS-MH
-  RS-5
-  RS-7
-  RM-22
-  Rivers and Lakes
-  Primary
-  Secondary
-  Street Names
-  Streets
-  Trail
-  Unimproved County Road
-  Major Road
-  Major USFS / BLM Road
-  On/Off Ramp
-  Freeway
-  Highway

3700

1200

1300

600

90001

90002

90003

90004

90005

90000

90006

90007

1400

800

900

1100 CH

EXHIBIT "7" (County Assr. Data)

Account Sequence	Map TL Sequence	Assessment Year 2015 ▾	Print Window	Close Window
----------------------------------	---------------------------------	------------------------	------------------------------	------------------------------

Assessment Info for Account 1-098869-9 Map 381W25BD Taxlot 90007
Report For Assessment Purposes Only Created March 03, 2016

Account Info		Tax Year 2015 Info			Land Info	
Account	1-098869-9	Pay Taxes Online			Tax Code	22-01
Map Taxlot	381W25BD 90007	Tax Report	Details		Acreage	0.00
Owner	GREEN TREE CONDOMINIUM LLC	Tax Statement	Details		Zoning	
Situs Address	1007 SOUTH PACIFIC HWY G TALENT R	Tax History	Details		CH	Land Class
Mailing Address	GREEN TREE CONDOMINIUM LLC STEVEN W / LOUISE B ROUSE PO BOX 3260 APPLEGATE OR, 97530	Tax Code 22-01			UNK 0.03 Ac	
Appraiser	158	Tax Type	Due Date	Amount	Property Class	202
		Advalorem	11/15/15	\$1,053.72	Stat Class	508
		Tax Rate		17.1589	Unit ID	288830-1
		District Rates	Details		Maintenance Area	4
		District Amounts	Details		Neighborhood	000
		Tax Rate Sheet	Details		Study Area	00
					Account Status	ACTIVE
					Tax Status	Assessable
					Sub Type	NORMAL

Sales Data (AS 400)

Value Summary Detail (For Assessment Year 2015)

Market Value Summary (For Assessment Year 2015)

Code Area	Type	Acreage	RMV	M5	MAV	AV
22-01	IMPR	0.00	\$ 125,400	\$ 125,400	\$ 61,410	\$ 61,410
Value History Details			Total:	\$ 125,400	\$ 125,400	\$ 61,410

Improvements

Site	Building #	Code Area	Year Built	Eff Year Built	Stat Class	Description	Type	SqFt	% Complete	Details
	1	22-01	2008		508	Condo Commercial	Commercial	1346	100 %	Details

Images / Plans

Image type	Item Number	Image Files	PDF
ACCOUNT PHOTOS	1	4	PDF

Improvement Comments

Account Comments

*** 7/19/11 Added loft, exception #158 ***

Exemptions / Special Assessments / Notations / Potential Liability

Notations

Description	Tax Amount	Year Added	Value Amount
CARTOGRAPHIC ACTIVITY		2009	

Location Map



Close Window

Print Window

Green Tree
1007

Rogue Valley Electric

ECONOMY PLUMBING INC.

KARATE 535-5240

AVAILABLE
SALE 821-1374

FOR LEASE

2011/07/19





2011/07/19

Valley
Electric



ECONOMY
PLUMBING INC.
482-4733

2011/07/19



2011/07/19

EXHIBIT "9" (Aerial Photo)



**OREGON LIQUOR CONTROL
COMMISSION DIVISION 25
RECREATIONAL MARIJUANA**

DEC 21 2015

GENERAL REQUIREMENTS APPLICABLE TO ALL MARIJUANA

LICENSEES 845-025-1000

Applicability

- (1) A person may not produce, process, transport, sell, test, or deliver marijuana for commercial recreational use without a license from the Commission or as otherwise authorized under these rules.
- (2) Nothing in these rules exempts a licensee or licensee representative from complying with any other applicable state or local laws.
- (3) Licensure under these rules does not protect a person from possible criminal prosecution under federal law.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 12, 14, 15, 16, 33, 38 and 93, Chapter 614, Oregon Laws 2015

845-025-1015

Definitions

For the purposes of OAR 845-025-1000 to 845-025-8590, unless otherwise specified, the following definitions apply:

- (1) "Adulterated" means to make a marijuana item impure by adding foreign or inferior ingredients or substances. A marijuana item may be considered to be adulterated if:
 - (a) It bears or contains any poisonous or deleterious substance in a quantity rendering the marijuana item injurious to health, including but not limited to tobacco or nicotine;
 - (b) It bears or contains any added poisonous or deleterious substance exceeding a safe tolerance if such tolerance has been established;
 - (c) It consists in whole or in part of any filthy, putrid, or decomposed substance, or otherwise is unfit for human consumption;
 - (d) It is processed, prepared, packaged, or is held under improper time-temperature conditions or under other conditions increasing the probability of contamination with excessive microorganisms or physical contaminants;
 - (e) It is processed, prepared, packaged, or held under insanitary conditions increasing the probability of contamination or cross-contamination;
 - (f) It is held or packaged in containers composed, in whole or in part, of any poisonous or deleterious substance rendering the contents potentially injurious to health;
 - (g) Any substance has been substituted wholly or in part therefor;
 - (h) Damage or inferiority has been concealed in any manner; or
 - (i) Any substance has been added thereto or mixed or packaged therewith so as to increase its bulk or weight, or reduce its quality or strength, or make it appear better or of greater value than it is.
- (2) "Authority" means the Oregon Health Authority.
- (3) "Business day" means Monday through Friday excluding legal holidays.
- (4) "Cannabinoid" means any of the chemical compounds that are the active constituents of marijuana.

- (5) "Cannabinoid concentrate" means a substance obtained by separating cannabinoids from marijuana by:
- (a)) A mechanical extraction process;
 - (b) A chemical extraction process using a nonhydrocarbon-based or other solvent, such as water, vegetable glycerin, vegetable oils, animal fats, isopropyl alcohol or ethanol; or
 - (c)) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, provided that the process does not involve the use of high heat or pressure; or
- (6) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate, cannabinoid extract or dried marijuana leaves or flowers have been incorporated.
- (7) "Cannabinoid extract" means a substance obtained by separating cannabinoids from marijuana by:
- (a)) A chemical extraction process using a hydrocarbon-based solvent, such as butane, hexane or propane;
 - (b) A chemical extraction process using the hydrocarbon-based solvent carbon dioxide, if the process uses high heat or pressure; or
 - (c) Any other process identified by the Commission, in consultation with the authority, by rule.
- (8) Cannabinoid Product
- (a) "Cannabinoid product" means a cannabinoid edible and any other product intended for human consumption or use, including a product intended to be applied to the skin or hair, that contains cannabinoids or dried marijuana leaves or flowers.
 - (b) "Cannabinoid product" does not include:
 - (A) Usable marijuana by itself;
 - (B) A cannabinoid concentrate by itself;
 - (C) A cannabinoid extract by itself; or
 - (D) Industrial hemp, as defined in ORS 571.300.
- (9) "Cannabis Tracking System" or "CTS" means the system for tracking the transfer of marijuana items and other information as authorized by section 23, chapter 614, Oregon Laws 2015.
- (10) "Compliance transaction" means a single covert, on-site visit in which a Commission authorized representative poses as an authorized representative of a licensee or a consumer and attempts to purchase or purchases a marijuana item from a licensee, or attempts to sell or sells a marijuana item to a licensee.
- (11) "Container" means a sealed, hard or soft-bodied receptacle in which a marijuana item is placed prior to being sold to a consumer.
- (12) "Commission" means the Oregon Liquor Control Commission.
- (13) "Consumer" means a person who purchases, acquires, owns, holds or uses marijuana items other than for the purpose of resale.
- (14) "Date of Harvest" means the date the mature marijuana plants in a harvest lot were cut, picked or removed from the soil or other growing media. If the harvest occurred on more than one day, the "date of harvest" is the day the last mature marijuana plant in the harvest lot was cut, picked or removed from the soil or other growing media.
- (15)) "Financial consideration" means value that is given or received either directly or indirectly through sales, barter, trade, fees, charges, dues, contributions or donations.
- (16)) "Financial interest" means having an interest in the business such that the performance of the business causes, or is capable of causing, an individual, or a legal entity with which the

individual is affiliated, to benefit or suffer financially, and such interests include but are not limited to:

(a)) Receiving, as an employee or agent, out-of-the-ordinary compensation, either in the form of overcompensation or undercompensation;

(b) Lending money, real property or personal property to an applicant or licensee for use in the business at a commercially unreasonable rate;

(c) Giving money, real property or personal property to an applicant or licensee for use in the business; or

(d) Being the spouse or domestic partner of an applicant or licensee. For purposes of this subsection, "domestic partners" includes adults who qualify for a "domestic partnership" as defined under ORS 106.310.

(17) "Harvest lot" means marijuana that is uniform in strain, cultivated utilizing the same growing practices and harvested at the same time.

(18) "Immature marijuana plant" means a marijuana plant that is not flowering.

(19)) "Intended for human consumption" means intended for a human to eat, drink, or otherwise put in the mouth but does not mean intended for human inhalation.

(20)) "Laboratory" means a laboratory certified by the Authority under ORS 438.605 to 438.620 and authorized to test marijuana items for purposes specified in these rules.

(21) "Licensee" means any person who holds a license issued under section 19, 20, 21 or 22, chapter 1, Oregon Laws 2015.

(22)) "License holder" includes:

(a) Each applicant listed on an application that the Commission has approved;

(b) Each individual who meets the qualification described in OAR 845-025-1045 and who the Commission has added to the license under OAR 845-025-1030; or

(c) Each individual who has a financial interest in the licensed business and who the Commission has added to the license under OAR 845-025-1030.

(23) "Licensee representative" means an owner, director, officer, manager, employee, agent, or other representative of a licensee, to the extent that the person acts in a representative capacity.

(24)) "Limited access area" means a building, room, or other contiguous area on a licensed premises where a marijuana item is produced, processed, stored, weighed, packaged, labeled, or sold, but does not include a point of sale area on a licensed retailer premises.

(25) "Marijuana"

(a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.

(b) "Marijuana" does not include industrial hemp, as defined in ORS 571.300.

(26) "Marijuana flowers" means the flowers of the plant genus Cannabis within the plant family Cannabaceae.

(27) "Marijuana items" means marijuana, cannabinoid products, cannabinoid concentrates and cannabinoid extracts.

(28) "Marijuana leaves" means the leaves of the plant genus Cannabis within the plant family Cannabaceae.

(29) "Marijuana processor" means a person who processes marijuana items in this state.

(30) "Marijuana producer" means a person who produces marijuana in this state.

(31) "Marijuana retailer" means a person who sells marijuana items to a consumer in this state.

(32) "Marijuana wholesaler" means a person who purchases marijuana items in this state for resale to a person other than a consumer.

- (33) "Mature marijuana plant" means a marijuana plant that is not an immature marijuana plant.
- (34) "Minor" means any person under 21 years of age.
- (35) "Non-Toxic" means not causing illness, disability or death to persons who are exposed.
- (36) "Permittee" means any person who holds a Marijuana Handlers Permit.
- (37) "Person" has the meaning given that term in ORS 174.100.
- (38) "Premises" or "licensed premises" includes the following areas of a location licensed under section 19, 20, 21 or 22, chapter 1, Oregon Laws 2015:
- (a) All public and private enclosed areas at the location that are used in the business operated at the location, including offices, kitchens, rest rooms and storerooms;
 - (b) All areas outside a building that the Commission has specifically licensed for the production, processing, wholesale sale or retail sale of marijuana items; and
 - (c) For a location that the Commission has specifically licensed for the production of marijuana outside a building, the entire lot or parcel, as defined in ORS 92.010, that the licensee owns, leases or has a right to occupy.
 - (d) "Premises" or "licensed premises" does not include a primary residence.
- (39) "Primary Residence" means real property inhabited for the majority of a calendar year by an owner, renter or tenant, including manufactured homes and vehicles used as domiciles.
- (40) "Processes"
- (a) "Processes" means the processing, compounding or conversion of marijuana into cannabinoid products, cannabinoid concentrates or cannabinoid extracts;
 - (b) "Processes" does not include packaging or labeling.
- (41) "Process lot" means:
- (a) Any amount of cannabinoid concentrate or extract of the same type and processed at the same time using the same extraction methods, standard operating procedures and batches from the same harvest lot; or
 - (b) Any amount of cannabinoid products of the same type and processed at the same time using the same ingredients, standard operating procedures and batches from the same harvest lot or process lots of cannabinoid concentrate or extract.
- (42) "Producer" means a marijuana producer licensed by the Commission.
- (43) "Produces"
- (a) "Produces" means the manufacture, planting, cultivation, growing or harvesting of marijuana.
 - (b) "Produces" does not include:
 - (A) The drying of marijuana by a marijuana processor, if the marijuana processor is not otherwise producing marijuana; or
 - (B) The cultivation and growing of an immature marijuana plant by a marijuana processor, marijuana wholesaler or marijuana retailer if the marijuana processor, marijuana wholesaler or marijuana retailer purchased or otherwise received the plant from a licensed marijuana producer.
- (44) "Propagate" means to grow immature marijuana plants or to breed or produce the seeds of the plant Cannabis family Cannabaceae.
- (45) "Public place" means a place to which the general public has access and includes, but is not limited to, hallways, lobbies and other parts of apartment houses and hotels not constituting rooms or apartments designed for actual residence, and highways, streets, schools, places of amusement, parks, playgrounds and areas used in connection with public passenger transportation.

(46) "Regulatory specialist" means a full-time employee of the Commission who is authorized to act as an agent of the Commission in conducting inspections or investigations, making arrests and seizures, aiding in prosecutions for offenses, issuing citations for violations and otherwise enforcing chapter 471, ORS 474.005 to 474.095 and 474.115, Commission rules and any other statutes the Commission considers related to regulating liquor or marijuana.

(47) "Retailer" means a marijuana retailer licensed by the Commission.

(48) "Safe" means:

(a)) A metal receptacle with a locking mechanism capable of storing all marijuana items on a licensed premises that:

(A) Is rendered immobile by being securely anchored to a permanent structure of an enclosed area; or

(B)) Weighs more than 750 pounds.

(b) A "vault"; or

(c)) A refrigerator or freezer capable of being locked for storing marijuana items that require cold storage that:

(A) Is rendered immobile by being securely anchored to a permanent structure of an enclosed area; or

(B)) Weighs more than 750 pounds.

(49) "Shipping Container" means any container or wrapping used solely for the transport of a marijuana items in bulk to a marijuana licensee as permitted in these rules.

(50) "These rules" means OAR 845-025-1000 to 845-025-8590.

(51) "UID" means unique identification.

(52) "Usable Marijuana"

(a)) "Usable marijuana" means the dried leaves and flowers of marijuana.

(b) "Usable marijuana" does not include:

(A) The seeds, stalks and roots of marijuana; or

(B)) Waste material that is a by-product of producing or processing marijuana.

(53) "Vault" means an enclosed area or room that is constructed of steel-reinforced or block concrete and has a door that contains a multiple-position combination lock or the equivalent, a relocking device or equivalent, and a steel plate with a thickness of at least one-half inch.

(54) "Wholesaler" means a marijuana wholesaler licensed by the Commission.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 1 and 2, Chapter 614, Oregon Laws 2015

845-025-1030

Application Process

(1) On or after 8:30 a.m. Pacific Time January 4, 2016, a person may submit an application to the Commission, on a form prescribed by the Commission, for a marijuana producer, processor, wholesaler, retail, or laboratory license.

(2) An application for a license and all documentation required in the application instructions and in section (4) of this rule must be submitted electronically, via the Commission's website. The application fee specified in OAR 845-025-1060 must also be paid through the Commission's on-line payment system at the time of application.

- (3) An application must include the names and other required information for all individuals who are applicants as described in OAR 845-025-1045 and who are not applicants but who have a "financial interest" in the business, as defined in OAR 845-025-1015.
- (4) In addition to submitting the application form the following must be submitted:
- (a) For an individual listed as an applicant:
- (A) Information or fingerprints for a criminal background check in accordance with OAR 845-025-1080;
- (B) An Individual History Form and any information identified in the form that is required to be submitted; and
- (C) Proof of residency documented by providing:
- (i) Oregon full-year resident tax returns for the last two years; or
- (ii) Utility bills, rental receipts, mortgage statements or similar documents that contain the name and address of the applicant dated at least two years prior to the date of application and from the most recent month.
- (b) For an individual listed as a person with a financial interest who holds or controls an interest of ten percent or greater in the business proposed to be licensed, or an individual who is a partner, member or corporate officer of a legal entity with a financial interest in the business proposed to be licensed:
- (A) Information or fingerprints for a criminal background check in accordance with OAR 845-025-1080;
- (B) An Individual History Form and any information identified in the form that is required to be submitted; and
- (c)) A map or sketch of the premises proposed for licensure, including the defined boundaries of the premises and the location of any primary residence located on the same tax lot or parcel as the licensed premises;
- (d) A floor or plot plan sketch of all enclosed areas with clear identification of walls, partitions, counters, windows, all areas of ingress and egress, and all limited access areas;
- (e)) Proof of lawful possession of the premises proposed for licensure;
- (f) An operating plan that demonstrates at a minimum, how the applicant's proposed premises and business will comply with the applicable laws and rules regarding:
- (A)) Security;
- (B) Employee qualifications and training;
- (C) Transportation of product;
- (D) Preventing minors from entering the licensed premises; and
- (E) Preventing minors from obtaining or attempting to obtain marijuana items.
- (g) For producers:
- (A) The proposed canopy size and tier as described in OAR 845-025-2040 and a designation of the canopy area within the license premises.
- (B) A report describing the applicant's electrical and water usage, on a form prescribed by the Commission. The report must describe the estimated water usage taking into account all portions of the premises and expected requirements of the operation.
- (C) A description of the growing operation including growing media, a description of equipment to be used in the production, and whether production will be indoor, outdoor or both.
- (D) A water right permit or certificate number; a statement that water is supplied from a public or private water provider, along with the name and contact information of the water provider; or

proof from the Oregon Water Resources Department that the water to be used for production is from a source that does not require a water right.

(h) For processors:

(A) On a form prescribed by the Commission, the proposed endorsements as described in OAR 845-025-3210.

(B) A description of the type of products to be processed, a description of equipment to be used, including any solvents, gases, chemicals or other compounds used to create extracts or concentrates.

(5) In addition to submitting the application form and the items described in (4) of this rule the Commission may require the following to be submitted:

(a) For an individual listed as a person with a financial interest, who holds or controls an interest of less than ten percent in the business proposed to be licensed:

(A) Information or fingerprints for a criminal background check in accordance with OAR 845-025-1080;

(B) An Individual History Form and any information identified in the form that is required to be submitted; and

(b) Any additional information if there is a reason to believe that the information is needed to determine the merits of the license application.

(6) The Commission must review an application to determine if it is complete. An application will be considered incomplete if an application form is not complete, the full application fee has not been paid, or some or all of the additional information required under section (4) of this rule is not submitted.

(7) An applicant may submit a written request for reconsideration of a decision that an application is incomplete. Such a request must be received by the Commission within ten days of the date the incomplete notice was mailed to the applicant. The Commission shall give the applicants the opportunity to be heard if an application is rejected. A hearing under this subsection is not subject to the requirements for contested case proceedings under ORS 183.310 to 183.550.

(8) If, prior to an application being acted upon by the Commission, there is a change with regard to who is an applicant or who is a person with a financial interest in the proposed business, the new applicant or person with a financial interest must submit a form, prescribed by the Commission, that:

(a) Identifies the individual or person;

(b) Describes the individual's or person's financial interest in the business proposed for licensure; and

(c) Includes any additional information required by the Commission, including but not limited to information and fingerprints required for a criminal background check.

(9) Failure to comply with subsection (6) of this rule may result in an application being denied.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 7, 8, 11, 12, 14, 15, 16, 93 Chapter 614, Oregon Laws 2015

845-025-1045

Qualifications of an Applicant

(1) The following are considered applicants for purposes of these rules:

- (a) Any individual that has a financial interest in the business for which licensure is sought and who is directly involved in controlling the ordinary course of business for the business that is proposed to be licensed; and
- (b) Any legal entity that has a financial interest in the business for which licensure is sought and is directly involved in controlling the ordinary course of business for the business that is proposed to be licensed;
- (2) If an applicant is an individual the individual must also:
 - (a) Be at least 21 years of age; and
 - (b) Until January 1, 2020, have been a resident of Oregon for at least two consecutive years prior to the date the initial or renewal application was submitted.
- (3) If a legal entity is designated as an applicant, the following individuals must also be listed as applicants on an application:
 - (a) All partners in a limited partnership;
 - (b) All members of a limited liability company; and
 - (c) All directors and principal officers of a corporate entity.
 - (d) Any individual who owns or controls at least 10% of the legal entity.
- (4) At least one applicant or the sum of applicants listed on a license application must be a legitimate owner of the business proposed to be licensed or subject to renewal.
- (5) An individual or legal entity will not be considered by the Commission to be directly involved in the ordinary course of business for the business proposed to be licensed solely by virtue of:
 - (a) Being a shareholder, director, member or limited partner;
 - (b) Being an employee or independent contractor; or
 - (c) Participating in matters that are not in the ordinary course of business such as amending organizational documents of the business entity, making distributions, changing the entity's corporate structure, or approving transactions outside of the ordinary course of business as specified in the entity's organizational documents.
- (6) An applicant will be considered by the Commission to be a legitimate owner of the business if:
 - (a) The individual applicant or legal entity applicant owns at least 51% of the business proposed to be licensed; or
 - (b) One or more individual applicants in sum own at least 51% of the business proposed to be licensed.
- (7) The following factors, in and of themselves, do not constitute ownership:
 - (a)) Preferential rights to distributions based on return of capital contribution;
 - (b) Options to purchase an ownership interest that may be exercised in the future(c) Convertible promissory notes; or
 - (d) Security interests in an ownership interest.
- (8) For purposes of this rule, "ownership" means direct or indirect ownership of the shares, membership interests, or other ownership interests of the business proposed to be licensed.
- (9) The Commission may consider factors other than those listed in this rule when determining whether an individual or legal entity is directly involved in the operation or management of the business proposed to be licensed or licensed, or is a legitimate owner.
- (10) An individual listed as an applicant on an initial or renewal application, or identified by the Commission as an applicant must maintain Oregon residency while the business is licensed.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 8, 12, 14, 15, 16, and 93 Chapter 614, Oregon Laws 2015

845-025-1060

Fees

(1) At the time of initial license or certificate application an applicant must pay a \$250 non-refundable application fee.

(2) If the Commission approves an application and grants an annual license, the following fees must be paid, prorated for an initial license that is issued for six months or less:

(a)) Producers:

(A) Tier I \$3,750

(B) Tier II \$5,750

(b) Processors: \$4,750

(c)) Wholesalers: \$4,750

(d) Retailers: \$4,750

(e) Laboratories: \$4,750

(3) At the time of license or certificate application renewal, an applicant must pay a \$250 non-refundable application fee. If the Commission approves an application and grants a research certificate, the fee shall be \$4,750 for a three-year term.

(4) If the Commission approves a renewal application the renewal license or certificate fees must be paid in the amounts specified in subsections (2) and (3) of this rule.

(5) If the Commission approves an initial or renewal application and grants a marijuana handler permit, the individual must pay a \$100 permit fee.

(6) The Commission shall charge the following fees:

(a) Criminal background checks: \$50 per individual (if the background check is not part of an initial or renewal application)

(b) Change of ownership review: \$1000 per license

(c)) Change in business structure review: \$1000 per license

(d) Transfer of location of premises review: \$1000 per license

(e)) Packaging preapproval: \$100

(f) Labeling preapproval: \$100

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 2, 12, 14, 15, 16, 20, 93, 102 and 104, Chapter 614, Oregon Laws 2015

845-025-1070

Late Renewal Fees

(1) If the Commission receives a completed license, permit or certificate renewal application less than 20 days before the date the existing license, permit or certificate expires, the Commission will charge a late renewal fee of \$150 for licenses and certificates and \$50 for marijuana handler permits.

(2) If the Commission receives a completed license, permit or certificate renewal application within 30 days after the date the existing license, permit or certificate expires, the Commission

will charge a late renewal fee equal to \$300 for licenses and certificates and \$100 for marijuana handler permits.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-1080

Criminal Background Checks

(1) If an individual is required by the Commission to undergo a criminal background check, the individual must provide to the Commission:

(a)) A criminal background check request form, prescribed by the Commission that includes but is not limited to:

(A) First, middle and last name;

(B) Any aliases;

(C) Date of birth;

(D) Driver's license information; and

(E) Address and recent residency information.

(b) Fingerprints in accordance with the instructions on the Commission's webpage.

(2) The Commission may request that an applicant disclose his or her Social Security Number if notice is provided that:

(a) Indicates the disclosure of the Social Security Number is voluntary; and

(b) That the Commission requests the Social Security Number solely for the purpose of positively identifying the applicant during the criminal records check process.

(3) An applicant's criminal history must be evaluated by the Commission in accordance with ORS 670.280 and section 29(2) and (3), chapter 1, Oregon Laws 2015.

(4) The Commission may conduct a criminal background checks in accordance with this rule every year at the time of application renewal.

(5) Records concerning criminal background checks must be kept and handled by the Commission in accordance with ORS 181.534(15).

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 10, Chapter 614, Oregon Laws 2015

845-025-1090

Application Review

(1) Once the Commission has determined that an application is complete it must review the application to determine compliance with chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, and these rules.

(2) The Commission:

(a)) Must, prior to acting on an application, request a land use compatibility statement from the city or county that authorizes land use in the city or county in which the applicant's proposed premises is located or request verification that a land use compatibility statement submitted by an applicant is valid and accurate

(b) May, in its discretion, prior to acting on an application:

- (A)) Contact any applicant or individual with a financial interest and request additional documentation or information; and
- (B) Verify any information submitted by the applicant.
- (3) The Commission must inspect the proposed premises prior to issuing a license.
- (4) If during an inspection the Commission determines the applicant is not in compliance with these rules, the applicant will be provided with a notice of the failed inspection and the requirements that have not been met.
 - (a) An applicant that fails an inspection will have 15 calendar days from the date the notice was sent to submit a written response that demonstrates the deficiencies have been corrected.
 - (b) An applicant may request in writing one extension of the 15-day time limit in subsection (a) of this section, not to exceed 30 days.
- (5) If an applicant does not submit a timely plan of correction or if the plan of correction does not correct the deficiencies in a manner that would bring the applicant into compliance, the Commission may deny the application.
- (6) If the plan of correction appears, on its face, to correct the deficiencies, the Commission will schedule another inspection.
- (7) If an applicant fails a second inspection, the Commission may deny the application unless the applicant shows good cause for the Commission to perform additional inspections.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 8, 30 and 34, Chapter 614, Oregon Laws 2015

845-025-1100

Approval of Application and Issuance of License

- (1) If, after the application review and inspection, the Commission determines that an applicant is in compliance with sections 3 to 70, chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015 and these rules, the Commission must notify the applicant in writing that the application has been approved and after payment by the applicant of the license fee, provide the applicant with proof of licensure that includes a unique license number, the effective date of the license, date of expiration, and a description of premises for which the license was issued.
- (2) A licensee:
 - (a)) May not operate until on or after the effective date of the license.
 - (b) Must display proof of licensure in a prominent place on the premises.
 - (c)) May not use the Commission name or logo on any signs at the premises, on the business' website, or in any advertising or social media, except to the extent that information is contained on the proof of licensure.
- (3) Licensure is only valid for the premises indicated on the license and is only issued to the individuals or entities listed on the application or subsequently approved by the Commission.
- (4) A license may not be transferred except as provided in OAR 845-025-1160.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 5, Chapter 614, Oregon Laws 2015

845-025-1115

Denial of Application

- (1) The Commission must deny an initial or renewal application if:
 - (a) An applicant is under the age of 21 or, until January 1, 2020, has not been a resident or Oregon for at least two years. If the Commission determines that an applicant is a non-resident the Commission will hold that application under review until 30 days after the 2016 Oregon Legislature adjourns.
 - (b) The applicant's land use compatibility statement shows that the proposed land use is prohibited in the applicable zone.
 - (c) The proposed licensed premises is located:
 - (A) On federal property.
 - (B) At the same physical location or address as a:
 - (i) Medical marijuana grow site registered under ORS 475.304, unless the grow site is also licensed under section 116, chapter 614, Oregon laws 2015;
 - (ii) Medical marijuana processing site registered under section 85, chapter 614, Oregon Laws 2015; or
 - (iii) Medical marijuana dispensary registered under ORS 475.314.
 - (C) At the same physical location or address as a liquor licensee licensed under ORS Chapter 471 or as a retail liquor agent appointed by the Commission.
 - (d) The proposed licensed premises of a producer applicant who has applied to produce marijuana outdoors is:
 - (A) On public land; or
 - (B) On the same lot or parcel, as defined in ORS 92.010, as another producer licensee; or under common ownership; or
 - (C) On the same lot or parcel, as defined in ORS 92.010, as a retail, processor or wholesale license, unless all of the licenses on the lot or parcel are held or sought by the same applicant.
 - (e) The proposed licensed premises of a producer applicant who has applied to produce marijuana indoors is on the same lot or parcel, as defined in ORS 92.010, as another producer licensee under common ownership.
 - (f) The proposed licensed premises of a processor who has applied for an endorsement to process extracts is located in an area that is zoned exclusively for residential use.
 - (g) The proposed licensed premises of a retail applicant is located:
 - (A)) Within 1,000 feet of:
 - (i) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
 - (ii) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030.
 - (B) In an area that is zoned exclusively for residential use.
 - (h) The proposed licensed premises of a wholesaler applicant is in an area zoned exclusively for residential use.
 - (i) A city or county has prohibited the license type for which the applicant is applying, in accordance with sections 133 or 134, chapter 614, Oregon Laws 2015.
- (2) The Commission may deny an initial or renewal application, unless the applicant shows good cause to overcome the denial criteria, if it has reasonable cause to believe that:
 - (a) The applicant:
 - (A) Is in the habit of using alcoholic beverages, habit-forming drugs, marijuana, or controlled substances to excess.

- (B) Has made false statements to the Commission.
- (C) Is incompetent or physically unable to carry on the management of the establishment proposed to be licensed.
- (D) Is not of good repute and moral character.
- (E) Does not have a good record of compliance with sections 3 to 70, chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, or these rules, prior to or after licensure including but not limited to:
 - (i) The giving away of marijuana items as a prize, premium or consideration for a lottery, contest, game of chance or skill, or competition of any kind, in violation of section 49, chapter 614, Oregon Laws 2015;
 - (ii) Providing marijuana items to an individual without checking that the individual is 21 or older;
 - (iii) Unlicensed transfer of marijuana items for financial consideration; or
 - (iv) Violations of local ordinances adopted under section 33, chapter 614, Oregon Laws 2015, pending or adjudicated by the local government that adopted the ordinance.
- (F) Is not possessed of or has not demonstrated financial responsibility sufficient to adequately meet the requirements of the business proposed to be licensed.
- (G) Is unable to understand the laws of this state relating to marijuana or these rules, including but not limited to ORS 475.300 to 475.346 and sections 91 to 99, chapter 614, Oregon Laws 2015. Inability to understand laws and rules of this state related to marijuana may be demonstrated by violations documented by the Oregon Health Authority.
 - (b) Any individual listed on the application has been convicted of violating a general or local law of this state or another state, or of violating a federal law, if the conviction is substantially related to the fitness and ability of the applicant to lawfully carry out activities under the license, except as specified in Section 29(3), chapter 1, Oregon Laws 2015.
 - (c) Any applicant is not the legitimate owner of the business proposed to be licensed, or other persons have an ownership interest in the business have not been disclosed to the Commission.
- (3) The Commission may refuse to issue a license to any license applicant or refuse to renew the license of any licensee when conditions exist in relation to any person having a financial interest in the business or in the place of business which would constitute grounds for refusing to issue a license or for revocation or suspension of a license if such person were the license applicant or licensee. However, in cases where the financial interest is held by a corporation, only the officers and directors of the corporation, any individual or combination of individuals who own a controlling financial interest in the business shall be considered persons having a financial interest within the meaning of this subsection.
- (4) The Commission will not deny an application under subsections (1)(c)(B) of this rule if the applicant surrenders the registration issued by the Authority prior to being issued an OLCC license.
- (5) If the Commission denies an application because an applicant submitted false or misleading information to the Commission, the Commission may prohibit the applicant from re-applying for five years.
- (6) A notice of denial must be issued in accordance with ORS 183.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 7, 8, 12, 14, 15, 16, 34, 93, 133 and 134, Chapter 614, Oregon Laws 2015

845-025-1130

Withdrawal of Application

An applicant may withdraw an initial or renewal application at any time prior to the Commission acting on the application unless the Commission has determined that the applicant submitted false or misleading information in which case the Commission may refuse to accept the withdrawal and may issue a notice of proposed denial in accordance with OAR 845-025-1115.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 8, Chapter 614, Oregon Laws 2015

845-025-1145

Communication With Commission

(1) If an applicant or licensee is required to or elects to submit anything in writing to the Commission, unless there is a more specific rule that states otherwise, the applicant or licensee may submit the writing to the Commission via:

- (a)) Mail;
- (b) In-person delivery;
- (c) Facsimile; or
- (d) E-mail.

(2) If a written notification must be submitted by a particular deadline it must be received, regardless of the method used to submit the writing, by 5:00 p.m. Pacific Time.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-1160

Notification of Changes

(1) An applicant or licensee must notify the Commission in writing within 10 calendar days of any of the following:

- (a)) A change in any contact information for anyone listed in an application or subsequently identified as an applicant or an individual with a financial interest;
- (b) The arrest or conviction for any misdemeanor or felony of an individual listed in an application or subsequently identified as an applicant, licensee or individual with a financial interest;
- (c)) A disciplinary proceeding or licensing enforcement action by another governmental entity that may affect the licensee's business;
- (d) The filing of bankruptcy;
- (e) The closure of bank accounts or credit cards by a financial institution;
- (f) The temporary closure of the business for longer than 30 days; or
- (g) The permanent closure of the business.

(2) A licensee must notify the Commission as soon as reasonably practical and in no case more than 24 hours from the theft of marijuana items or money from the licensed premises.

(3) Changes in Financial Interest or Business Structure. A licensee that proposes to change its corporate structure, ownership structure or change who has a financial interest in the business must submit a form prescribed by the Commission, and any information identified in the form to be submitted, to the Commission, prior to making such a change.

(a) The Commission must review the form and other information submitted under subsection (1) of this rule, and will approve the change if the change would not result in an initial or renewal application denial under OAR 845-025-1115, or serve as the basis of a license suspension or revocation.

(b) If the Commission denies the change but the licensee proceeds with the change the licensee must surrender the license or the Commission will propose to suspend or cancel the license.

(c) The Commission will not accept a form for a change in corporate structure or financial interest if the license is expiring in less than 90 days, the licensee is under investigation by the Commission, or has been issued a Notice by the Commission following an alleged violation and the alleged violation has not been resolved.

(d) If a licensee has a change in ownership that is 51% or greater, a new application must be submitted in accordance with OAR 845-025-1030.

(4) Change of Location. A licensee who wishes to change the location of the licensed premises must submit an application form and the fee specified in OAR 845-025-1060 but does not need to submit information and fingerprints required for a criminal background check or individual history forms if there are no changes to the individuals listed on the initial application.

(a) A licensee must submit an operating plan as described in OAR 845-025-1030 if the business operations will change at the proposed new location.

(b) The Commission must approve any change of location prior to licensee beginning business operations in the new location.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 5 and 8, Chapter 614, Oregon Laws 2015

845-025-1175

Changing, Altering, or Modifying Licensed Premises

(1) A licensee may not make any physical changes to the licensed premises that materially or substantially alter the licensed premises or the usage of the licensed premises from the plans originally approved by the Commission without the Commission's prior written approval.

(2) A licensee who intends to make any material or substantial changes to the licensed premises must submit a form prescribed by the Commission, and submit any information identified in the form to be submitted, to the Commission, prior to making any such changes.

(3) The Commission must review the form and other information submitted under subsection (2) of this rule, and will approve the changes if the changes would not result in an initial or renewal application denial under OAR 845-025-1115.

(4) If the Commission denies the change the licensee must not make the proposed changes. If the licensee makes the proposed changes, the licensee must surrender the license or the Commission will propose to suspend or cancel the license.

(5) For purposes of this rule a material or substantial change requiring approval includes, but is not limited to:

- (a) Any increase or decrease in the total physical size or capacity of the licensed premises;
- (b) The sealing off, creation of or relocation of a common entryway, doorway, passage or other such means of public ingress or egress, when such common entryway, doorway or passage alters or changes limited access areas, such as the areas in which cultivation, harvesting, processing, or sale of marijuana items occurs within the licensed premises; or
- (c) Any physical change that would require the installation of additional video surveillance cameras or a change in the security system.
- (d) Any addition or change of location of a primary residence located on the same tax lot or parcel as a licensed premises.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 12, 14, 15, 16 and 93 Chapter 614, Oregon Laws 2015

845-025-1190

License Renewal

(1) Renewal Applications:

(a) Any licensee who files a completed renewal application with the Commission at least 20 days before the date the license expires may continue to operate as if the license were renewed, pending a decision by the Commission;

(b) Any licensee who does not file a completed renewal application at least 20 days before the existing license expires must stop engaging in any licensed activity when the license expires.

However:

(A) If the Commission receives a completed license renewal application less than 20 days before the date the existing license expires, the Commission will, upon receipt of the appropriate late renewal fee in OAR 845-025-1070, issue a letter of authority to operate beyond the expiration of the license, pending a decision by the Commission;

(B) A licensee must not engage in any licensed activity after the license expires. If the Commission receives a completed license renewal application within 30 days after the date the existing license expires, the Commission will, upon receipt of the appropriate late renewal fee in OAR 845-025-1070, issue a letter of authority to resume operation, pending a decision by the Commission.

(c) The Commission will not renew a license if the Commission receives the renewal application more than 30 days after the license expires. A person who wants to resume licensed activity in this circumstance:

(A)) Must submit a completed new application, including the documents and information required by the Commission; and

(B)) Must not engage in any licensed activity unless and until they receive authority to operate from the Commission after submitting the completed new application.

(d) A person relicensed under section (1)(c) of this rule who engaged in any activity that would require a license while not licensed in violation of section (1)(b)(B) of this rule may be subject to administrative and criminal sanctions.

(e)) A person who engages in any activity that requires a license but is not licensed may be subject to criminal prosecution.

(f) For purposes of this rule, a completed application:

(A) Is considered filed when received by the Commission; and

(B) Is one that is completely filled out, is signed by all applicants and includes the appropriate fee.

Stat. Auth.: Sections 2, 12, 14, 15, 16 and 93, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 7, Chapter 614, Oregon Laws 2015

845-025-1200

Financial and Business Records

In addition to any other recordkeeping requirements in these rules, a marijuana licensee must have and maintain records that clearly reflect all financial transactions and the financial condition of the business. The following records must be kept and maintained for a three-year period and must be made available for inspection if requested by an employee of the Commission:

- (1) Purchase invoices and supporting documents for items and services purchased for use in the production, processing, research, testing and sale of marijuana items that include from whom the items were purchased and the date of purchase;
- (2) Bank statements for any accounts relating to the licensed business;
- (3) Accounting and tax records related to the licensed business;
- (4) Documentation of all financial transactions related to the licensed business, including contracts and agreements for services performed or received that relate to the licensed business; and
- (5) All employee records, including training.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Section 46, Chapter 614, Oregon Laws 2015.

845-025-1215

Standardized Scales

A licensee must use an Oregon Department of Agriculture licensed weighing device of appropriate size and capacity as defined in ORS chapter 618 and OAR 603, Division 27:

- (1) Whenever marijuana items are bought and sold by weight;
- (2) Whenever marijuana items are packaged for sale by weight; and
- (3) Whenever marijuana items are weighed for entry into CTS.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1230

Licensed Premises Restrictions and Requirements

- (1) A licensed premises may not be located:
 - (a) On federal property; or
 - (b) At the same physical location or address as a:
 - (A) Medical marijuana grow site registered under ORS 475.304, unless the grow site is also licensed under section 116, chapter 614, Oregon Laws 2015;
 - (B) Medical marijuana processing site registered under section 85, chapter 614, Oregon Laws 2015; or
 - (C) Medical marijuana dispensary registered under ORS 475.314.
 - (D) Liquor licensee licensed under ORS Chapter 471 or as a retail liquor agent appointed by the Commission.
- (2) The licensed premises of a producer applicant may not be on:
 - (a) Public land; or
 - (b) The same tax lot or parcel as another producer licensee under common ownership.
- (3) The licensed premises of a retailer may not be located:
 - (a) Within 1,000 feet of:
 - (A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
 - (B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030.
 - (b) In an area that is zoned exclusively for residential use.
- (4) The licensed premises of a processor who has an endorsement to process extracts may not be located in an area that is zoned exclusively for residential use.
- (5) The licensed premises of a processor, wholesaler, laboratory and retailer must be enclosed on all sides by permanent walls and doors.
- (6) A licensee may not permit:
 - (a) Any minor on a licensed premises except as described in section (7) and (8) of this rule; or
 - (b) On-site consumption of a marijuana item, alcohol, or other intoxicant by any individual, except that an employee who has a current registry identification card issued under ORS 475.309 may consume marijuana during his or her work shift on the licensed premises as necessary for his or her medical condition, if the employee is alone, in a closed room and not visible to others outside the room. An employee who consumes a marijuana item as permitted under this subsection may not be intoxicated while on duty.
- (7) Notwithstanding section (6)(a) of this rule, a minor, other than a licensee's employee, who has a legitimate business purpose for being on the licensed premises, may be on the premises for a limited period of time in order to accomplish the legitimate business purpose. For example, a minor plumber may be on the premises in order to make a repair.
- (8) Notwithstanding section (6)(a) of this rule, a minor who resides on the tax lot or parcel where a marijuana producer is licensed may be present on those portions of a producer's licensed that do not contain usable marijuana or cut and drying marijuana plants.
- (9) A licensee must clearly identify all limited access areas in accordance with OAR 845-025-1245.
- (10) A licensee must keep a daily log of all employees, contractors and license representatives who perform work on the licensed premises. All employees, contractors and licensee representatives must wear clothing or a badge issued by the licensee that easily identifies the

individual as an employee, contractor or licensee representative.

(11) The general public is not permitted in limited access areas on a licensed premises, except for the licensed premises of a retailer and as provided by section (14) of this rule. In addition to licensee representatives, the following individuals are permitted to be present in limited access areas on a licensed premises, subject to the requirements in section (12) of this rule:

- (a) Laboratory personnel, if the laboratory is licensed by the Commission;
- (b) A contractor, vendor or service provider authorized by a licensee representative to be on the licensed premises;
- (c) Another licensee or that licensee's representative;
- (d) Up to seven invited guests per week subject to requirements of section (12) of this rule; or
- (e) Tour groups as permitted under section (14) of this rule.

(12) Prior to entering a licensed premises all visitors permitted by section (11) of this rule must be documented and issued a visitor identification badge from a licensee representative that must remain visible while on the licensed premises. A visitor badge is not required for government officials. All visitors described in subsection (11) of this rule must be accompanied by a licensee representative at all times.

(13) A licensee must maintain a log of all visitor activity. The log must contain the first and last name and date of birth of every visitor and the date they visited.

(14) A marijuana producer or research certificate holder may offer tours of the licensed premises, including limited access areas, to the general public if the licensee submits a control plan in writing and the plan is approved by the Commission.

(a) The plan must describe how conduct of the individuals on the tour will be monitored, how access to usable marijuana will be limited, and what steps the licensee will take to ensure that no minors are permitted on the licensed premises.

(b) The Commission may withdraw approval of the control plan if the Commission finds there is poor compliance with the plan. Poor compliance may be indicated by, for example, individuals on the tour not being adequately supervised, an individual on the tour obtaining a marijuana item while on the tour, a minor being part of a tour, or the tours creating a public nuisance.

(15) Nothing in this rule is intended to prevent or prohibit Commission employees or contractors, or other state or local government officials that have jurisdiction over some aspect of the licensed premises or licensee from being on the licensed premises.

(16) A licensee may not sublet any portion of a licensed premises.

(17) A licensed premises may receive marijuana items only from a marijuana producer, marijuana processor, or marijuana wholesaler for whom a premises has been licensed by the Commission.

(18) A licensed wholesaler or retailer who sells or handles food, as that term is defined in ORS 616.695, or cannabinoid edibles must also be licensed by the Oregon Department of Agriculture under ORS 616.706.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 52 and 54, Chapter 1, Oregon Laws 2015;

Sections 14, 15, 16, 25 and 35, Chapter 614, Oregon Law 2015.

845-025-1245

Signage

(1) A licensee must post:

(a) At every licensed premises signs that read:

(A) "No Minors Permitted Anywhere on This Premises"; and

(B) "No On-Site Consumption of Marijuana"; and

(b) At all areas of ingress or egress to a limited access area a sign that reads: "Do Not Enter – Limited Access Area – Access Limited to Licensed Personnel and Escorted Visitors."

(2) All signs required by this rule must be:

(a) Legible, not less than 12 inches wide and 12 inches long, composed of letters not less than one-half inch in height;

(b) In English and Spanish; and

(c)) Posted in a conspicuous location where the signs can be easily read by individuals on the licenses premises.

Stat. Auth.: 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Section 25, Chapter 614, Oregon Laws 2015.

845-025-1260

Standards for Authority to Operate a Licensed Business as a Trustee, a Receiver, a Personal Representative or a Secured Party

[TEXT OF THIS SECTION OMITTED FROM EXHIBIT 10]

845-025-1275

Closure of Business

[TEXT OF THIS SECTION OMITTED FROM EXHIBIT 10]

845-025-1290

Licensee Responsibility

A licensee is responsible for:

(1) The violation of any administrative rule of the Commission; sections 3 to 70, chapter 1, Oregon Laws 2015; chapter 614, Oregon Laws 2015; or chapter 699, Oregon Laws 2015 affecting the licensee's license privileges.

(2) Any act or omission of a licensee representative in violation of any administrative rule of the Commission; sections 3 to 70, chapter 1, Oregon Laws 2015; chapter 614, Oregon Laws 2015; or chapter 699, Oregon Laws 2015 affecting the licensee's license privileges.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-1295

Local Ordinances

The Commission may impose a civil penalty, suspend or cancel any licensee for failure to

comply with an ordinance adopted by a city or county pursuant to section 34, chapter 614, Oregon Laws 2015 if the city or county:

- (1) Has provided the licensee with due process substantially similar to the due process provided to a licensee under the Administrative Procedures Act, ORS 183.413 to 183.470; and
- (2) Provides the Commission with a final order that is substantially similar to the requirements for a final order under ORS 183.470 that establishes that the licensee has violated the local ordinance.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Section 33, Chapter 614, Oregon Laws 2015.

845-025-1300

Licensee Prohibitions

(1) A licensee may not:

- (a) Import into this state or export from this state any marijuana items;
- (b) Give marijuana items as a prize, premium or consideration for a lottery, contest, game of chance or game of skill, or competition of any kind;
- (c) Sell, give or otherwise make available any marijuana items to any person who is visibly intoxicated;
- (d) Make false representations or statements to the Commission in order to induce or prevent action by the Commission;
- (e) Maintain a noisy, disorderly or insanitary establishment or supply adulterated marijuana items;
- (f) Misrepresent any marijuana item to a customer or to the public;
- (g) Sell any marijuana item through a drive-up window;
- (h) Deliver marijuana to any consumer off the licensed premises except as permitted by OAR 845-025-2880;
- (i) Sell or offer to sell a marijuana item that does not comply with the minimum standards prescribed by the statutory laws of this state; or
- (j) Use or allow the use of a mark or label on the container of a marijuana item that is kept for sale if the container does not precisely and clearly indicate the nature of the container's contents or in any way might deceive a customer as to the nature, composition, quantity, age or quality of the marijuana item.

(2) No licensee or licensee representative may be under the influence of intoxicants while on duty.

(a) For purposes of this rule "on duty" means:

(A) The beginning of a work shift that involves the handling or sale of marijuana items, checking identification or controlling conduct on the licensed premises, to the end of the shift including coffee and meal breaks;

(B) For an individual working outside a scheduled work shift, the performance of acts on behalf of the licensee that involve the handling or sale of marijuana items, checking identification or controlling conduct on the licensed premises, if the individual has the authority to put himself or herself on duty; or

(C) A work shift that includes supervising those who handle or sell marijuana items, check identification or control the licensed premises.

(b) Whether a person is paid or scheduled for work is not determinative of whether the person is

considered “on duty” under this subsection.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 48, 49, 50, 51, 52 and 53, Chapter 614, Oregon Laws 2015.

SECURITY

845-025-1400

Security Plans

(1) A licensee may, in writing, request that the Commission waive one or more of the security requirements described in OAR 845-025-1400 to 845-025-1470 by submitting a security plan for Commission approval. The security plan must include:

- (a) The specific rules and subsections of a rule that is requested to be waived;
- (b) The reason for the waiver;
- (c)) A description of an alternative safeguard the licensee can put in place in lieu of the requirement that is the subject of the waiver;
- (d) An explanation of how and why the alternative safeguard accomplishes the goals of the security rules, specifically public safety, prevention of diversion, accountability, and prohibiting access to minors.

(2) The Commission may, in its discretion and on a case by case basis, approve the security plan if it finds:

- (a) The reason the licensee is requesting the waiver is because another state or local law prohibits the particular security measure that is required; or
- (b) The licensee cannot, for reasons beyond the licensee’s control or because the security measure is cost prohibitive, comply with the particular security measure that is required; and
- (c) The alternative safeguard that is proposed meets the goals of the security rules.

(3) The Commission must notify the licensee in writing whether the security plan has been approved. If the security plan is approved the notice must specifically describe the alternate safeguards that are required and, if the security plan is time limited, must state the time period the security plan is in effect.

(4) The Commission may withdraw approval of the security plan at any time upon a finding that the previously-approved alternative measures are not sufficient to accomplish the goals of the security rules. If the Commission withdraws its approval of the security plan, the licensee will be given a reasonable period of time to come into compliance with the security requirement that was waived.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1410

Security Requirements

(1) A licensee is responsible for the security of all marijuana items on the licensed premises, including providing adequate safeguards against theft or diversion of marijuana items and records that are required to be kept.

(2) The licensee must ensure that commercial grade, non-residential door locks are installed on

every external door of a licensed premises where marijuana items are present.

(3) During all hours when the licensee is not operating a licensee must ensure that:

(a) All entrances to and exits from a licensed premises are securely locked and any keys or key codes to the enclosed area remain in the possession of the licensee, licensee representative, or authorized personnel;

(b) All marijuana items on a licensed retailer's premises are kept in a safe or vault as those terms are defined in OAR 845-025-1015; and

(c) All marijuana items on the licensed premises of a licensee other than a retailer are kept in a locked, enclosed area within the licensed premises that is secured with a door that contains a multiple-position combination lock or the equivalent and a relocking device or the equivalent.

(4) A licensee must:

(a)) Have an encrypted network infrastructure;

(b) Have an electronic back-up system for all electronic records; and

(c)) Keep all video recordings and archived required records not stored electronically in a locked storage area. Current records may be kept in a locked cupboard or desk outside the locked storage area during hours when the licensed business is open.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1420

Alarm System

(1) A licensed premises must have a fully operational security alarm system, activated at all times when the licensed premises is closed for business on all:

(a) Entry or exit points to and from the licensed premises; and

(b) Perimeter windows, if applicable.

(2) The security alarm system for the licensed premises must:

(a) Be able to detect movement within any indoor area on the licensed premises;

(b) Be programmed to notify a security company that will notify the licensee, licensee representative or authorized personnel in the event of a breach or if unavailable, law enforcement; and

(c)) Have at least two operational "panic buttons" located inside the licensed premises that are linked with the alarm system that immediately notifies a security company and law enforcement.

(3) Upon request, licensees shall make all information related to security alarm systems, monitoring and alarm activity available to the Commission.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1430

Video Surveillance Equipment

(1) A licensed premises must have a fully operational video surveillance recording system.

(2) Video surveillance equipment must, at a minimum:

(a)) Consist of:

(A) Digital or network video recorders;

- (B)) Cameras capable of meeting the requirements of OAR 845-025-1450 and this rule;
- (C) Video monitors;
- (D) Digital archiving devices;
- (E)) A minimum of one monitor on premise capable of viewing video; and
- (F)) A printer capable of producing still photos.

(b) Be equipped with a failure notification system that provides, within one hour, notification to the licensee or an authorized representative of any prolonged surveillance interruption or failure; and

(c)) Have sufficient battery backup to support a minimum of one hour of recording time in the event of a power outage.

(3) A licensee's video surveillance system must be capable of recording all pre-determined surveillance areas in any lighting conditions.

(4) All video surveillance equipment and recordings must be stored in a locked secure area that is accessible only to the licensee, licensee representatives, or authorized personnel, and the Commission.

(5) In limited access areas, as that term is defined in OAR 845-025-1015, all cameras shall have minimum resolution of 1280 x 720 px and record at 10 fps (frames per second).

(6) In exterior perimeter and non-limited access area, cameras shall have a minimum resolution of 1280 x 720 px and record at least 5 fps, except where coverage overlaps any limited access areas such as entrances or exits and in those overlap areas cameras must record at 10 fps.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1440

Required Camera Coverage and Camera Placement

(1) A licensed premises must have camera coverage, as applicable, for:

(a) All limited access areas as that term is defined in OAR 845-025-1015;

(b) All point of sale areas;

(c) All points of entry to or exit from limited access areas; and

(d) All points of entry to or exit from the licensed premises.

(2) A licensee must ensure that cameras are placed so that they capture clear and certain images of any individual and activity occurring:

(a)) Within 15 feet both inside and outside of all points of entry to and exit from the licensed premises; and

(b) Anywhere within secure or limited access areas on the licensed premises.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1450

Video Recording Requirements for Licensed Facilities

- (1) A licensee must have cameras that continuously record, 24 hours a day, in all areas with marijuana items on the licensed premises.
- (2) A licensee must:
 - (a) Use cameras that record at a minimum resolution of 1280 x 720 px;
 - (b) Keep all surveillance recordings for a minimum of 30 calendar days and in a format approved by the Commission that can be easily accessed for viewing and easily reproduced;
 - (c) Have a surveillance system that has the capability to produce a still photograph from any camera image;
 - (d) Have the date and time embedded on all surveillance recordings without significantly obscuring the picture;
 - (e) Archive video recordings in a format that ensures authentication of the recording as a legitimately-captured video and guarantees that no alterations of the recorded image has taken place;
 - (f) Keep surveillance recordings for periods exceeding 30 days upon request of the Commission and make video surveillance records and recordings available immediately upon request to the Commission for the purpose of ensuring compliance with the Act and these rules; and
 - (g) Immediately notify the Commission of any equipment failure or system outage lasting 30 minutes or more.
- (3) Failure to comply with subsections (2)(e) or (f) of this rule is a Category I violation and may result in license revocation.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1460

Location and Maintenance of Surveillance Equipment

- (1) A licensee must:
 - (a) Have the surveillance room or surveillance area in a limited access area; and
 - (b) Have the surveillance recording equipment housed in a designated, locked, and secured room or other enclosure with access limited to:
 - (A) The licensee, licensee representatives, and authorized personnel
 - (B) Employees of the Commission;
 - (C) State or local law enforcement agencies for a purpose authorized under the Act, these rules, or for any other state or local law enforcement purpose; and
 - (D) Service personnel or contractors.
 - (c) Back up all required video surveillance recordings off-site and such off-site storage must be secure and the recordings must be easily accessed for viewing and easily reproduced.
- (2) A licensee must keep a current list of all authorized employees and service personnel who have access to the surveillance system and room on the licensed premises.
- (3) Licensees must keep a surveillance equipment maintenance activity log on the licensed premises to record all service activity including the identity of any individual performing the service, the service date and time and the reason for service to the surveillance system.

(4) Off-site monitoring of the licensed premises by a licensee or an independent third-party is authorized as long as standards exercised at the remote location meet or exceed all standards for on-site monitoring.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1470

Producer Security Requirements

[TEXT OF THIS SECTION OMITTED FROM EXHIBIT 10]

HEALTH AND SAFETY

845-025-1600

State and Local Safety Inspections

(1) All marijuana licensees may be subject to inspection of licensed premises by state or local government officials to determine compliance with state or local health and safety laws.

(2) A licensee must contact any utility provider to ensure that the licensee complies with any local ordinance or utility requirements such as water use, discharge into the sewer system, or electrical use.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

845-025-1620

General Sanitary Requirements

(1) A marijuana licensee must:

(a) Prohibit any individual working on a licensed premises who has or appears to have a communicable disease, open or draining skin lesion infected with *Staphylococcus aureus* or *Streptococcus pyogenes*, or any illness accompanied by diarrhea or vomiting for whom there is a reasonable possibility of contact with marijuana items from having contact with a marijuana item until the condition is corrected;

(b) Require all persons who work in direct contact with marijuana items conform to hygienic practices while on duty, including but not limited to:

(A) Maintaining adequate personal cleanliness; and

(B) Washing hands thoroughly in an adequate hand-washing area before starting work, prior to having contact with a marijuana item and at any other time when the hands may have become soiled or contaminated;

(c) Provide hand-washing facilities adequate and convenient, furnished with running water at a suitable temperature and provided with effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying device;

(d) Properly remove all litter and waste from the licensed premises and maintain the operating systems for waste disposal in an adequate manner so that they do not constitute a source of

contamination in areas where marijuana items are exposed;

(e) Provide employees with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and good repair; and

(f) Hold marijuana items that can support pathogenic microorganism growth or toxic formation in a manner that prevents the growth of these pathogenic microorganism or formation toxins.

(2) For purposes of this rule “communicable disease” includes but is not limited to: diphtheria, measles, Salmonella enterica serotype Typhi infection, shigellosis, Shiga-toxicogenic Escherichia coli (STEC) infection, hepatitis A, and tuberculosis.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015.

Stats. Implemented: Section 51, Chapter 614, Oregon Laws 2015.

RECREATIONAL MARIJUANA PRODUCERS

[TEXT OF THIS SECTION OMITTED FROM EXHIBIT 10]

MARIJUANA RETAILERS

845-025-2800

Retailer Privileges

A retailer is the only licensee that is authorized to sell a marijuana item to a consumer 21 years of age or older.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 2 and 16, Chapter 614, Oregon Laws 2015

845-025-2820

Retailer Operational Requirements

(1) A retailer may:

(a) Only receive marijuana items from a producer, wholesaler, processor or laboratory;

(b) Only sell marijuana items to a consumer from the licensed premises, unless sale is made pursuant to a bona fide order as described in OAR 845-025-2880;

(c) Only sell up to the following amounts at any one time to a consumer within one day:

(A) One ounce of usable marijuana;

(B) 16 ounces of a cannabinoid product in solid form;

(C) 72 ounces of a cannabinoid product in liquid form;

(D) Five grams of cannabinoid extracts or concentrate, whether sold alone or contained in an inhalant delivery system;

(E) Four immature marijuana plants; and

(F) Ten marijuana seeds;

(d) Refuse to sell marijuana items to a consumer; and

(e) Only sell to consumers between the hours of 7:00 a.m. and 10 p.m. local time.

(2) A retailer may not:

(a) Provide free samples of a marijuana item to a consumer;

- (b) Sell or give away pressurized containers of butane or other materials that could be used in the home production of marijuana extracts;
 - (c) Require a consumer to purchase other products or services as a condition of purchasing a marijuana item or receiving a discount on a marijuana item;
 - (d) Sell a marijuana item for less than the cost of acquisition;
 - (e) Provide coupons or offer discounts, except that uniform volume discounts are permitted;
 - (f) Permit consumers to be present on the licensed premises or sell to a consumer between the hours of 10:00 p.m. and 7:00 a.m. local time the following day; or
 - (g) Sell any product derived from industrial hemp, as that is defined in ORS 571.300, that is intended for human consumption, ingestion, or inhalation, unless it has been tested, labeled and packaged in accordance with these rules.
- (3) A retailer's pricing on marijuana items must remain consistent during each day.
- (4) Prior to completing the sale of a marijuana item to a consumer, a retailer must verify that the consumer has a valid, unexpired government-issued photo identification and must verify that the consumer is 21 years of age or older by viewing the consumer's:
- (a) Passport;
 - (b) Driver license, whether issued in this state or by any other state, as long as the license has a picture of the person;
 - (c) Identification card issued under ORS 807.400;
 - (d) United States military identification card; or
 - (e) Any other identification card issued by a state that bears a picture of the person, the name of the person, the person's date of birth and a physical description of the person.
- (5) Marijuana items offered for sale by a retailer must be stored in such a manner that the items are only accessible to authorized representatives until such time as the final sale to the consumer is completed.
- (6) For purposes of this rule, "coupon" means any coupon, ticket, certificate token or any other material that a person may use to obtain a price reduction or rebate in connection with the acquisition or purchase of a marijuana item.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 15, Chapter 1, Oregon Laws 2015

845-025-2840

Retailer Premises

- (1) The licensed premises of a retailer:
- (a) May not be located in an area that is zoned exclusively for residential use.
 - (b) May not be located within 1,000 feet of:
 - (A) A public elementary or secondary school for which attendance is compulsory under ORS 339.020; or
 - (B) A private or parochial elementary or secondary school, teaching children as described in ORS 339.030.
 - (c) Must be enclosed on all sides by permanent walls and doors.

- (2) A retailer must post in a prominent place signs at every:
 - (a) Point of sale that read:
 - (A) "No Minors Permitted Anywhere on the Premises"; and
 - (B) "No On-Site Consumption".
 - (b) Exit from the licensed premises that reads: "Marijuana or Marijuana Infused Products May Not Be Consumed In Public".
- (3) A retailer must designate a consumer sales area on the licensed premises where consumers are permitted. The area shall include the portion of the premises where marijuana items are displayed for sale to the consumer and sold and may include other contiguous areas such as a lobby or a restroom. The consumer sales area is the sole area of the licensed premises where consumers are permitted.
- (4) All inventory must be stored on the licensed premises.
- (5) For purposes of determining the distance between a retailer and a school referenced in subsection (1)(b) of this rule, "within 1,000 feet" means a straight line measurement in a radius extending for 1,000 feet or less in any direction from the closest point anywhere on the boundary line of the real property comprising a school to the closest point of the licensed premises of a retailer. If any portion of the licensed premises is within 1,000 feet of a school as described subsection (1)(b) of this rule an applicant will not be licensed.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 6 and 16, Chapter 614, Oregon Laws 2015

845-025-2860

Consumer Health and Safety Information

A retailer must:

- (1) Post at the point of sale the following posters prescribed by the Commission, measuring 22 inches high by 17 inches wide that can be downloaded at www.oregon.gov/olcc/marijuana:
 - (a) A Pregnancy Warning Poster; and
 - (b) A Poisoning Prevention Poster.
- (2) Post at the point of sale a color copy of the "Educate Before You Recreate" flyer measuring 22 inches high by 17 inches wide that can be downloaded at WHATSLEGALOREGON.COM.
- (3) Distribute to each individual at the time of sale, a Marijuana Information Card, prescribed by the Commission, measuring 3.5 inches high by 5 inches long that can be downloaded at www.oregon.gov/olcc/marijuana.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 2 and 16, Chapter 614, Oregon Laws 2015

845-025-2880

Delivery of Marijuana Items by Retailer

- (1) A marijuana retailer may deliver a marijuana item to a residence in Oregon subject to compliance with this rule. For purposes of this rule, "residence" means a dwelling such as a house or apartment but does not include a dormitory, hotel, motel, bed and breakfast or similar commercial business.

- (2) Delivery Approval Process.
 - (a) The retailer must request approval from the Commission prior to undertaking delivery service of marijuana items, on a form prescribed by the Commission that includes a statement that the retailer:
 - (A) Understands and will follow the requirements for delivery listed in this rule; and
 - (B) Has taken steps to ensure the personal safety of delivery personnel, including providing any necessary training.
 - (b) The retailer must receive written approval from the Commission prior to making any deliveries.
 - (c) The Commission may refuse to review any request for approval that is not complete and accompanied by the documents or disclosures required by the form.
 - (d) If the Commission denies approval the Commission shall give a retailer the opportunity to be heard.
 - (e) The Commission may withdraw approval for delivery service at any time if the Commission finds that the retailer is not complying with this rule, the personal safety of delivery personnel is at risk, the retailer's delivery service has been the target of theft, or the delivery service is creating a public safety risk.
- (3) Bona Fide Orders.
 - (a) A bona fide order must be received by an approved retailer from the individual requesting delivery, before 4:00 p.m. on the day the delivery is requested.
 - (b) The bona fide order must contain:
 - (A) The individual requestor's name, date of birth, the date delivery is requested and the address of the residence where the individual would like the items delivered;
 - (B) A document that describes the marijuana items proposed for delivery and the amounts; and
 - (C) A statement that the marijuana is for personal use and not for the purpose of resale.
- (4) Delivery Requirements.
 - (a) Deliveries must be made before 9:00 p.m. local time and may not be made between the hours of 9:00 p.m. and 8:00 a.m. local time.
 - (b) The marijuana retailer may only deliver to the individual who placed the bona fide order and only to individuals who are 21 years of age or older.
 - (c) At the time of delivery the individual performing delivery must check the identification of the individual to whom delivery is being made in order to determine that it is the same individual who submitted the bona fide order, that the individual is 21 years of age or older, and must require the individual to sign a document indicating that the items were received.
 - (d) A marijuana retailer may not deliver a marijuana item to an individual who is visibly intoxicated at the time of delivery.
 - (e) Deliveries may not be made more than once per day to the same physical address or to the same individual.
 - (f) Marijuana items delivered to an individual's residence must:
 - (A) Comply with the packaging rules in OAR 845-025-7000 to 845-025-7060; and

- (B) Be placed in a larger delivery receptacle that has a label that reads:
 - “Contains marijuana: Signature of person 21 years of age or older required for delivery”.
 - (g) A retailer may not carry or transport at any one time more than a total of \$100 in retail value worth of marijuana items designated for retail delivery.
 - (h) All marijuana items must be kept in a lock-box securely affixed inside the delivery vehicle.
 - (i) A manifest must be created for each delivery or series of deliveries and the individual doing the delivery may not make any unnecessary stops between deliveries or deviate substantially from the manifest route.
- (5) Documentation Requirements. A marijuana retailer must document the following regarding deliveries:
- (a) The bona fide order and the date and time it was received by the retailer;
 - (b) The date and time the marijuana items were delivered;
 - (c) A description of the marijuana items that were delivered, including the weight or volume and price paid by the consumer;
 - (d) Who delivered the marijuana items; and
 - (e) The name of the individual to whom the delivery was made and the delivery address.
- (6) A retailer is only required to maintain the name of an individual to whom a delivery was made for one year.
- (7) Prohibitions.
- (a) A retailer may deliver marijuana items only to a location within:
 - (A) The city in which the licensee is licensed, if a licensee is located within a city; or
 - (B) Unincorporated areas of the county in which the licensee is licensed, if a licensee is located in an unincorporated city or area within the county.
 - (b) A retailer may not deliver marijuana items to a residence located on publicly-owned land.
- (8) Sanction. A violation of any section of this rule that is not otherwise specified in OAR 845-025-8590 is a Category III violation.

Stat. Auth.: Sections 2, 6 and 16, chapter 614, Oregon Laws 2015

Stats. Implemented: Section 6, chapter 614, Oregon Laws 2015

845-025-2890

Collection of Taxes

- (1) A retailer must collect, at the point of sale, the tax imposed on the consumer under section 2, chapter 699, Oregon Laws 2015, and remit the tax to the Oregon Department of Revenue in accordance Department of Revenue rules.
- (2) A violation of this rule is a Category III violation.
- (3) An intentional violation of this rule is a Category I violation.

Stat. Auth.: Sections 2 and 16, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 2 and 16, Chapter 614, Oregon Laws 2015

RETAIL MARIJUANA PROCESSORS

[OMITTED FROM EXHIBIT 10]

RECREATIONAL MARIJUANA WHOLESALER

[OMITTED FROM EXHIBIT 10]

**MARIJUANA TESTING
LABORATORIES**

[OMITTED FROM EXHIBIT 10]

MARIJUANA HANDLER PERMITS

845-025-5500

Marijuana Handler Permit and Retailer Requirements

- (1) A marijuana handler permit is required for any individual who performs work for or on behalf of a marijuana retailer if the individual participates in:
 - (a) The possession, securing or selling of marijuana items at the premises for which the license has been issued;
 - (b) The recording of the possession, securing or selling of marijuana items at the premises for which the license has been issued;
 - (c) The verification of any document described in section 16, chapter 1, Oregon Laws 2015; or
 - (d) The direct supervision of a person described in subsections (a) to (c) of this section.
- (2) An individual who is required by section (1) of this rule to hold a marijuana handler permit must carry that permit on his or her person at all times when performing work on behalf of a marijuana retailer.
- (3) A person who holds a marijuana handler permit must notify the Commission in writing within 10 days of any conviction for a misdemeanor or felony.
- (4) A marijuana retailer must verify that an individual has a valid marijuana handler permit issued in accordance with OAR 845-025-5500 to 845-025-5590 before allowing the individual to perform any work at the licensed premises.

Stat. Auth.: Sections 19 and 20, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 19 and 20, Chapter 614, Oregon Laws 2015

845-025-5520

Marijuana Handler Applications

- (1) In order to obtain a marijuana handler permit an individual must submit an application on a form prescribed by the Commission. The application must contain the applicant's:
 - (a)) Name;
 - (b) Mailing address;
 - (c)) Date of birth;
 - (d) Signature; and
 - (e)) Response to conviction history questions.
- (2) In addition to the application an applicant must submit:
 - (a)) A copy of a driver's license or identification card issued by one of the fifty states in the United States of America or a passport;
 - (b) The applicable fee as specified in OAR 845-025-1060; and
 - (c)) Proof of having completed a marijuana handler education course and passed the examination.
- (3) If an application does not contain all the information requested or if the information and fee required in section (2) of this rule is not provided to the Commission, the application will be returned to the individual as incomplete, along with the fee.
- (4) If an application is returned as incomplete, the individual may reapply at any time.

Stat. Auth.: Sections 19 and 20, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 19 and 20, Chapter 614, Oregon Laws 2015

845-025-5540

Marijuana Handler Permit Denial Criteria

- (1) The Commission must deny an initial or renewal application if the applicant:
 - (a) Is not 21 years of age or older; or
 - (b) Has not completed the marijuana handler education course and passed the examination.
- (2) The Commission may deny a marijuana handler permit application, unless the applicant shows good cause to overcome the denial criteria, if the applicant:
 - (a)) Has been convicted of a felony, except for a felony described in section 20(4)(a), chapter 614, Oregon Laws 2015;
 - (b) Has violated a provision of sections 3 to 70, chapter 1, Oregon Laws 2015, or these rules; or
 - (c)) Makes a false statement to the Commission.
- (3) If the Commission denies an application under subsection (2)(b) or (c) of this rule the individual may not reapply within two years of the date the Commission received the application.
- (4) A Notice of Denial must be issued by the Commission in accordance with ORS 183.

Stat. Auth.: Sections 19 and 20, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 19 and 20, Chapter 614, Oregon Laws 2015

845-025-5560

Marijuana Handler Course Education and Examination Requirements

- (1) An individual must, prior to applying for a marijuana handler permit, complete an approved marijuana handler education course, pass the required examination, and pay the fee specified in OAR 845-025-1060.
- (2) An individual must score at least 70 percent on the marijuana handler course examination in order to pass.
 - (a) An individual who does not pass the examination may retake the examination up to two times within 90 days of the date the individual took the course. If the individual fails to pass both retake examinations the individual must retake the handler education course.
- (3) An individual must take a marijuana handler education course at least every five years prior to applying for renewal of a marijuana handler permit.
- (4) The Commission may require additional education or training for permit holders at any time, with adequate notice to permit holders.

Stat. Auth.: Sections 19 and 20, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 19 and 20, Chapter 614, Oregon Laws 2015

845-025-5580

Marijuana Handler Renewal Requirements

- (1) An individual must renew his or her marijuana handler permit every five years by submitting a renewal application, prescribed by the Commission and the applicable fee specified in OAR 845-025-1060.

(2) Renewal applications will be reviewed in accordance with OAR 845-025-5520 and 845-025-5540.

Stat. Auth.: Sections 19 and 20, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 19 and 20, Chapter 614, Oregon Laws 2015

845-025-5590

Suspension or Revocation

- (1) The Commission may suspend or cancel the permit of any marijuana handler if the handler:
- (a)) Has been convicted of a felony, except for a felony described in section 20, chapter 614, Oregon Laws 2015(4)(a);
 - (b) Has violated a provision of sections 3 to 70, chapter 1, Oregon Laws 2015, or these rules; or
 - (c)) Makes a material false statement to the Commission.
- (2) If an individual's permit is canceled under sections (1)(b) or (c) of this rule the individual may not reapply within two years from the date a final order of revocation is issued.
- (3) A notice of suspension or revocation must be issued by the Commission in accordance with ORS 183.

Stat. Auth.: Sections 19 and 20, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 19 and 20, Chapter 614, Oregon Laws 2015

TESTING

845-025-5700

Licensee Testing Requirements

- (1) Licensees are required to test marijuana items in accordance with OAR 333-007-0300 to 333-007-0490.
- (2) A licensee may not sell or transfer a marijuana item:
- (a) That is required to be tested before being sold or transferred unless the required testing has been performed by a licensed laboratory; or
 - (b) That is from a batch that has failed a test and the batch has not been retested in accordance with OAR 333-007-0460 and subsequently passed the required testing.
- (3) A violation of this rule is a Category I violation.

Stat. Auth.: Sections 91 and 92, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 91 and 92, Chapter 614, Oregon Laws 2015

845-025-5720

Labeling, Storage, and Security of Pre-Tested Marijuana Items

- (1) Following samples being taken from a harvest or process lot a licensee must:
- (a) Label the harvest or process lot with the following information:
 - (A) The laboratory doing the samples;
 - (B) The test batch samples numbers, once known;
 - (C) The date the samples were taken;

- (D) The harvest or process lot number;
 - (E) The licensee's license number; and
 - (F) In bold, capital letters, no smaller than 12 point font, "PRODUCT NOT TESTED".
- (b) Store and secure the harvest or process lot in a manner that prevents the product from being tampered with or sold prior to test results being reported.
- (2) A harvest or process lot may be stored in more than one receptacle as long as the labeling requirements are met.
- (3) If the samples pass testing the product may be sold in accordance with the applicable Commission rules.
- (4) If the samples do not pass testing the licensee must comply with OAR 845-025-5740.

Stat. Auth.: Section 91 and 92, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 91 and 92, Chapter 614, Oregon Laws 2015

845-025-5740

Failed Test Samples

- (1) If a sample fails any initial test the licensee may have samples retested in accordance with OAR 333-007-0460.
- (2) Failed microbiological contaminant testing.
- (a) If a sample from a batch of usable marijuana fails microbiological contaminant testing the batch may be used to make a cannabinoid concentrate or extract if the processing method effectively sterilizes the batch such as a method using a hydrocarbon-based solvent or a CO2 closed loop system.
- (b) If a sample from a batch of a cannabinoid concentrate or extract fails microbiological contaminant testing the batch may be further processed if the processing method effectively sterilizes the batch such as a method using a hydrocarbon-based solvent or a CO2 closed loop system.
- (c)) A batch that is sterilized in accordance with subsection (a) or (b) of this section must be resampled and retested in accordance with OAR 333-007-0460 and must be tested, if not otherwise required for that product, for microbiological contaminants, solvents and pesticides.
- (3) Failed solvent testing.
- (a) If a sample from a batch fails solvent testing the batch may be re-processed using procedures that would reduce the concentration of solvents to less than the action level.
- (b) A batch that is re-processed in accordance with subsection (a) of this section must be resampled and retested in accordance with OAR 333-007-0460 and must be tested, if not otherwise required for that product, for microbiological contaminants, solvents and pesticides.
- (4) Failed water activity testing.
- (a) If a sample from a batch of usable marijuana fails for water activity, the batch from which the sample was taken may continue to dry or cure.
- (b) A batch that undergoes additional drying or curing as described in subsection (a) of this section must be resampled and retested in accordance with OAR 333-007-0460.
- (5) Failed pesticide testing.
- If a sample from a batch fails pesticide testing the batch must be destroyed, in accordance with OAR 845-025-7750, or re-tested in accordance with OAR 333-007-0460.

(6) If a sample fails a retest required under sections (2), (3) and (5) of this rule for microbiological contaminants, solvents or pesticides a licensee must destroy or dispose of the batch.

(7) A regulatory specialist must witness the destruction or disposal of a batch if destruction or disposal is required by this rule.

(8) A licensee must inform a laboratory prior to samples being taken that the batch is being resampled and retested after an initial failed test.

(9) A licensee must, as applicable:

(a) Have detailed procedures for sterilization processes to remove microbiological contaminants and for reducing the concentration of solvents or pesticides; and

(b) Document, in CTS, all resampling, retesting, sterilization, re-processing, remediation and destruction or disposal.

Stat. Auth.: Sections 91 and 92, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 91 and 92, Chapter 614, Oregon Laws 2015

845-025-5760

Audit Testing or Compliance Testing

(1) The Commission may require a licensee to have samples from a harvest or process lot submitted to a laboratory for testing in order to determine whether the licensee is in compliance with OAR 333-007-0300 to 333-007-0490 and these rules, at the licensee's expense.

(2) Audit testing must comply with OAR 333-007-0300 to 333-007-0490 and any applicable Oregon Environmental Laboratory Accreditation Program rules.

(3) The Commission may initiate an investigation of a licensee upon receipt of a tentatively identified compounds report from a laboratory, reported in accordance with OAR 333-064-0100 and may require the licensee to submit samples for additional testing, including testing for analytes that are not required by OAR 333-007-0300 to 333-007-0490, at the licensee's expense.

Stat. Auth.: Sections 91 and 92, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 91 and 92, Chapter 614, Oregon Laws 2015

PACKAGING AND LABELING

845-025-7000

Definitions

For the purposes of OAR 845-025-7000 to 845-025-7060:

(1) "Attractive to minors" means packaging, labeling and marketing that features:

(a) Cartoons;

(b) A design, brand or name that resembles a non-cannabis consumer product of the type that is typically marketed to minors;

(c) Features symbols or celebrities that are commonly used to market products to minors.

(2) "Cannabinoid" means any of the chemical compounds that are the active constituents of marijuana.

- (3) "Cannabinoid concentrate or extract" means a substance obtained by separating cannabinoids from marijuana by a mechanical, chemical or other process.
- (4) "Cannabinoid edible" means food or potable liquid into which a cannabinoid concentrate or extract or the dried leaves or flowers of marijuana have been incorporated.
- (5)(a) "Cannabinoid product" means a cannabinoid edible or any other product intended for human consumption or use, including a product intended to be applied to a person's skin or hair, that contains cannabinoids or the dried leaves or flowers of marijuana.
- (b) "Cannabinoid product" does not include:
- (A) Usable marijuana by itself;
 - (B) A cannabinoid concentrate or extract by itself; or
 - (C) Industrial hemp, as defined in ORS 571.300.
- (6) "Cartoon" means any drawing or other depiction of an object, person, animal, creature or any similar caricature that satisfies any of the following criteria:
- (a) The use of comically exaggerated features;
 - (b) The attribution of human characteristics to animals, plants or other objects, or the similar use of anthropomorphic technique; or
 - (c) The attribution of unnatural or extra-human abilities, such as imperviousness to pain or injury, X-ray vision, tunneling at very high speeds or transformation.
- (7) "Child resistant" means packaging that is:
- (a)) Designed or constructed to be significantly difficult for children under five years of age to open and not difficult for adults to use properly as defined by 16 CFR 1700.20 (1995); and
 - (b) Resealable for any cannabinoid concentrate or extract, or cannabinoid product, intended for more than a single use or containing multiple servings.
- (8) "Consumer":
- (a)) Has the meaning given that term in section 1, chapter 614, Oregon Laws 2015; or
 - (b) Means a patient or designated primary caregiver receiving a transfer from a medical marijuana dispensary.
- (9) "Container" means a sealed, hard or soft-bodied receptacle in which a marijuana item is placed prior to being sold to a consumer.
- (10) "Exit Package" means a sealed container provided at the retail point of sale in which any marijuana items already within a container are placed.
- (11) "Licensee" has the meaning given that term in OAR 845-025-1015.
- (12) Marijuana.
- (a) "Marijuana" means the plant Cannabis family Cannabaceae, any part of the plant Cannabis family Cannabaceae and the seeds of the plant Cannabis family Cannabaceae.
 - (b) "Marijuana" does not include industrial hemp, as defined in ORS 571.300.
- (13) "Marijuana item" means marijuana, usable marijuana, a cannabinoid product or a cannabinoid concentrate or extract.
- (14) "Processing" means the compounding or conversion of marijuana into cannabinoid products or cannabinoid concentrates or extracts.
- (15) "Producing" means:
- (a)) Planting, cultivating, growing, trimming or harvesting marijuana; or
 - (b) Drying marijuana leaves and flowers.
- (16) "Registrant" means a person registered with the Authority under ORS 475.304, 475.314, or section 85, chapter 614, Oregon Laws 2015.
- (17) Usable Marijuana.

- (a) "Usable marijuana" means the dried leaves and flowers of marijuana.
- (b) "Usable marijuana" does not include:
 - (A) The seeds, stalks and roots of marijuana; or
 - (B) Waste material that is a by-product of producing or processing marijuana.

Stat. Auth.: Section 103, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 100 and 103, Chapter 614, Oregon Laws 2015

845-025-7020
Packaging for Sale to Consumer

- (1) The purpose of this rule is to set the minimum standards for the packaging of marijuana items that are sold to the consumer, applicable to:
 - (a) A licensee; or
 - (b) On and after April 1, 2016, a registrant who is not exempt from the labeling requirements.
- (2) Containers or packaging for marijuana items must protect a marijuana item from contamination and must not impart any toxic or deleterious substance to the marijuana item.
- (3) Marijuana items for ultimate sale to a consumer must:
 - (a) Be packaged in a container that is child-resistant;
 - (b) Not be packaged or labeled in a manner that is attractive to minors; and
 - (c) Be labeled in accordance with OAR 333-007-0010 to 333-007-0100.
- (4) Packaging may not contain any text that makes an untruthful or misleading statement.
- (5) Nothing in this rule:
 - (a) Prevents the re-use of packaging that is capable of continuing to be child-resistant, as permitted by rules established by the Commission or the Authority; or
 - (b) Prohibits the Commission or the Authority from imposing additional packaging requirements in their respective rules governing licensees and registrants.

Stat. Auth.: Section 103, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 12, 14, 15, 16 and 103, Chapter 614, Oregon Laws 2015

845-025-7040
Wholesaler and Retailer Packaging and Labeling Compliance Requirements

- (1) If a wholesaler or a retailer receives a marijuana item that is not packaged or labeled in accordance with OAR 845-025-7000 to 845-025-7060 or OAR 333-007-0010 to 333-007-0100, the wholesaler or retailer must notify the Commission and return the marijuana item to the licensee who transferred the wholesaler or retailer the marijuana item. The wholesaler or retailer must document the return and the reason for the return in the tracking system.
- (2) Sale of a marijuana item that is not packaged and labeled in accordance with OAR 845-025-7000 to 845-025-7060 and OAR 333-007-0010 to 333-007-0100 is a category III violation.

Stat. Auth.: Section 103, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 15, 16 and 103, Chapter 614, Oregon Laws 2015

845-025-7060

Packaging and Labeling Pre-approval Process

(1) Prior to a marijuana item being sold to a consumer, a licensee or a registrant, if pre-approval is required by the Authority, packaging marijuana items for ultimate sale to a consumer must submit a prototype of the packaging complete with labels affixed to the package for pre-approval by the Commission, subject to the exceptions in sections (6) to (8) of this rule, the packaging and labels must be accompanied by the following:

- (a) A fee as specified in OAR 845-025-1060; and
- (b) Information including but not limited to:

- (A) The licensee's license number or the registrant's registration number; and
- (B) A picture of and description of the item to be placed in the package.

(2) The Commission will evaluate the packaging and label in order to determine whether:

(a) The packaging:

- (A) Is child resistant.
- (B) Is marketed in a manner attractive to minors.
- (C) Contains untruthful or misleading content.

(D) If the packaging is for a cannabinoid edible or other cannabinoid products, is attractive to minors.

(b) The label complies with the Authority's labeling rules, OAR 333-007-0010 to 333-007-0100.

(3) The Commission must review the packaging and labeling and notify the licensee or registrant whether the packaging and labeling is approved, and if not approved, a description of the packaging or labeling deficiencies.

(4) If a licensee or registrant's packaging or labeling is deficient it must correct the deficiencies and resubmit the packaging for pre-approval, but the licensee or registrant is not required to submit an additional fee unless the packaging is found deficient for a second time in which case the licensee must resubmit the packaging or labeling in accordance with subsection (1) of this rule.

(5) If the label affixed to the package is not compliant with OAR 333-007-0010 to 333-007-0100 the package will not be approved.

(6) Packages and labels that have been previously approved do not need to be resubmitted if the only changes to the packaging or label are:

(a) Changes in the:

- (A) Harvest or processing date;
- (B) Strain;
- (C) Test results;
- (D) Net weight or volume; or
- (E) Harvest or process lot numbers.

(b) The deletion of any non-mandatory label information.

(c) The addition, deletion or change in the:

- (A) UPC barcodes or 2D mobile barcodes (QR codes); or
- (B) Website address, phone number, fax number, or zip code of the licensee or registrant.

(d) The repositioning of any label information on the package.

(7) The Commission must publish a list of previously-approved commercially available packaging. Packaging identified on this list as approved for certain product types does not need to be submitted for approval if used for the type of product for which it is approved and the packaging does not contain any graphics, pictures or logos.

- (8) Labels for marijuana items do not require pre-approval if they contain only the information required by OAR 333-007-0010 to 333-007-0100 and have no graphics, pictures or logos.
- (9) Notwithstanding any provisions of this rule, the Commission may permit or require electronic submission of labels and packaging for approval.

Stat. Auth.: Sections 102 and 104, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 102 and 104, Chapter 614, Oregon Laws 2015

SEED-TO-SALE TRACKING

845-025-7500

CTS Requirements

- (1) A licensee must:
 - (a) Use CTS as the primary inventory and recording keeping system.
 - (b) Have a CTS account activated and functional prior to operating or exercising any privileges of the license and must maintain an active account while licensed.
- (2) A licensee must have at least one license holder who is a CTS administrator and a licensee may authorize additional license holders or licensee representatives to obtain Administrator accounts.
- (3) In order to obtain a CTS administrator account, a license holder must attend and successfully complete all required CTS training. The Commission may also require additional ongoing, continuing education for an individual to retain his or her CTS administrator account.
- (4) A licensee may designate licensee representatives as CTS users. A designated user must be trained by a CTS administrator in the proper and lawful use of CTS.
- (5) A licensee must:
 - (a) Maintain an accurate and complete list of all CTS administrators and CTS users for each licensed premises and must update the list when a new CTS user is trained.
 - (b) Train and authorize any new CTS users before those users are permitted to access CTS or input, modify, or delete any information in CTS.
 - (c) Cancel any CTS administrator or user from an associated CTS account if that individual is no longer a licensee representative or the administrator or user has violated OAR 845-025-7500 to 845-025-7590.
 - (d) Correct any data that is entered into CTS in error.
- (6) A licensee is accountable for all actions licensee representatives take while logged into CTS or otherwise conducting inventory tracking activities.
- (7) Nothing in this rule prohibits a licensee from using secondary separate software applications to collect information to be used by the business including secondary inventory tracking or point of sale systems. Secondary software applications must use CTS data as the primary source of data and must be compatible with updating to CTS. If a licensee uses a separate software application it must get approval from the vendor contracting with the Commission to provide CTS and the software application must:
 - (a) Accurately transfer all relevant CTS data to and from CTS for the purposes of reconciliations with any secondary systems.
 - (b) Preserve original CTS data when transferred to and from a secondary application.

(8) If at any point a licensee loses access to CTS for any reason, the licensee must keep and maintain comprehensive records detailing all tracking inventory activities that were conducted during the loss of access.

(a) Once access is restored, all inventory tracking activities that occurred during the loss of access must be entered into CTS.

(b) A licensee must document when access to the system was lost and when it was restored.

(c)) A licensee may not transport any marijuana items to another licensed premises until such time as access is restored and all information is recorded into CTS.

Stat. Auth.: Sections 2, 12, 14, 15, 16 and 93 Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7520

Unique Identification (UID) Tags

A licensee must:

(1) Use UID tags issued by a Commission-approved vendor that is authorized to provide UID tags for CTS. Each licensee is responsible for the cost of all UID tags and any associated vendor fees.

(2) Have an adequate supply of UID tags at all times.

(3) Properly tag all inventory that is required to have a UID tag.

(4) Place tags in a position that can be clearly read by an individual standing next to the item and the tag must be kept free from dirt and debris.

Stat. Auth.: Sections 2, 12, 14, 15, 16 and 93 Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7540

CTS User Requirements

(1) A licensee and any designated CTS administrator or user shall enter data into CTS that fully and transparently accounts for all inventory tracking activities.

(2) A licensee is responsible for the accuracy of all information entered into CTS.

(3) An individual entering data into the CTS system may only use that individual's CTS account. Each CTS administrator and CTS user must have a unique log-on and password, which may not be used by any other person.

(4) A violation of this rule is a Category III violation. Intentional misrepresentation of data entered into the CTS system is a Category I violation.

Stat. Auth.: Sections 2, 12, 14, 15, 16 and 93 Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7560

System Notifications

A licensee must:

- (1) Monitor all compliance notifications from CTS and resolve the issues detailed in the compliance notification in a timely fashion. A licensee may not dismiss a compliance notification in CTS until the licensee resolves the compliance issues detailed in the notification.
- (2) Take appropriate action in response to informational notifications received through CTS, including but not limited to notifications related to UID billing, enforcement alerts, and other pertinent information.

Stat. Auth.: Sections 2, 12, 14, 15, 16 and 93 Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7580
Reconciliation with Inventory

A licensee must:

- (1) Use CTS for all inventory tracking activities at a licensed premises.
- (2) Reconcile all on-premises and in-transit marijuana item inventories each day in CTS at the close of business.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 23, Chapter 614, Oregon Laws 2015

845-025-7590
Inventory Audits

The Commission may perform a physical audit of the inventory of any licensee at the agency's discretion and with reasonable notice to the licensee. Variances between the physical audit and the inventory reflected in CTS at the time of the audit, which cannot be attributed to normal moisture variation in usable marijuana, are violations. The Commission may impose a civil penalty, suspend or cancel a licensee for violation of this section.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 6, Chapter 614, Oregon Laws 2015

TRANSPORTATION AND DELIVERY

845-025-7700
Transportation and Delivery of Marijuana Items

- (1) Marijuana items may only be transferred between licensed premises by a licensee or licensee representative.
- (2) An individual authorized to transport marijuana items must have a valid Oregon Driver's License.
- (3) A licensee must:
 - (a) Use a vehicle for transport that is:
 - (A) Insured at or above the legal requirements in Oregon;
 - (B) Capable of securing (locking) the marijuana items during transportation; and

- (C) Capable of being temperature controlled if perishable marijuana items are being transported.
- (b) Using CTS, generate a printed transport manifest that accompanies every transport of marijuana items that contains the following information:
- (A) The name, contact information of a licensee representative, licensed premises address and license number of the licensee transporting the marijuana items;
 - (B) The name, contact information of the licensee representative, licensed premises address, and license number of the licensee receiving the delivery;
 - (C) Product name and quantities (by weight or unit) of each marijuana item contained in each transport, along with the UIDs for every item;
 - (D) The date of transport and approximate time of departure;
 - (E) Arrival date and estimated time of arrival;
 - (F)) Delivery vehicle make and model and license plate number; and
 - (G) Name and signature of the licensee's representative accompanying the transport.
- (4) A licensee or licensee representative may transport marijuana items from an originating location to multiple licensed premises as long as each transport manifest correctly reflects specific inventory in transit and each recipient licensed premises provides the licensee with a printed receipt for marijuana items delivered
- (5) All marijuana items must be packaged in shipping containers and labeled in accordance with OAR 845-025-2880 prior to transport.
- (6) A licensee must provide a copy of the transport manifest to each licensed premises receiving the inventory described in the transport manifest, but in order to maintain transaction confidentiality, may prepare a separate manifest for each receiving licensed premises.
- (7) A licensee must provide a copy of the printed transport manifest and any printed receipts for marijuana items delivered to law enforcement officers or other representatives of a government agency if requested to do so while in transit.
- (8) A licensee must contact the Commission immediately, or as soon as possible under the circumstances, if a vehicle transporting marijuana items is involved in any accident that involves product loss.
- (9) Upon receipt of inventory a receiving licensee must ensure that the marijuana items received are as described in the transport manifest.
- (10) A receiving licensee must separately document any differences between the quantity specified in the transport manifest and the quantities received. Such documentation shall be made in CTS and in any relevant business records.
- (11) A licensee must provide temperature control for perishable marijuana items during transport.
- (12) Any vehicle transporting marijuana items must travel directly from the shipping licensee to the receiving licensee and must not make any unnecessary stops in between except to other licensed premises receiving inventory.
- (13) A licensee may transport marijuana for other licensees if the transporting licensee holds a wholesale license.

Stat. Auth.: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Sections 2, 12, 14, 15, and 16, Chapter 614, Oregon Laws 2015

WASTE MANAGEMENT

845-025-7750

Waste Management

(1) A licensee must:

(a) Store, manage and dispose of solid and liquid wastes generated during marijuana production and processing in accordance with applicable state and local laws and regulations which may include but are not limited to:

(A) Solid waste requirements in ORS 459 and OAR 340 Divisions 93 to 96;

(B) Hazardous waste requirements in ORS 466 and OAR 340, Divisions 100 to 106; and

(C) Wastewater requirements in ORS 468B and OAR 340, Divisions 41 to 42, 44 to 45, 53, 55 and 73.

(b) Store marijuana waste in a secured waste receptacle in the possession of and under the control of the licensee.

(2) A licensee may give or sell marijuana waste to a producer, processor or wholesale licensee or research certificate holder. Any such transaction must be entered into CTS pursuant to OAR 845-025-7500.

(3) In addition to information required to be entered into CTS pursuant to OAR 845-025-7500, a licensee must maintain accurate and comprehensive records regarding waste material that accounts for, reconciles, and evidences all waste activity related to the disposal of marijuana.

Stat. Auth.: Sections 2, 12 and 14, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 12, 14, 15 and 23, Chapter 614, Oregon Laws 2015

ADVERTISING

845-025-8000

Purpose and Application of Rules

(1) The Commission serves the interests of the citizens of Oregon by regulating and prohibiting advertising marijuana items in a manner:

(a) That is attractive to minors;

(b) That promotes excessive use;

(c) That promotes activity that is illegal under Oregon law; or

(d) That otherwise presents a significant risk to public health and safety.

(2) The Commission also serves the interests of Oregonians by allowing advertising for the purpose of informing the public of the availability and characteristics of marijuana.

(3) All marijuana advertising by a licensee must conform to these rules.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8020

Definitions

As used in OAR 845-025-8000 through 845-025-8080:

- (1) "Advertising" is publicizing the trade name of a licensee together with words or symbols referring to marijuana or publicizing the brand name of marijuana or a marijuana product.
- (2) "Handbill" is a flyer, leaflet, or sheet that advertises marijuana.
- (3) "Radio" means a system for transmitting sound without visual images, and includes broadcast, cable, on-demand, satellite, or internet programming. Radio includes any audio programming downloaded or streamed via the internet.
- (4) "Television" means a system for transmitting visual images and sound that are reproduced on screens, and includes broadcast, cable, on-demand, satellite, or internet programming. Television includes any video programming downloaded or streamed via the internet.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8040
Advertising Restrictions

- (1) Marijuana advertising may not:
 - (a) Contain statements that are deceptive, false, or misleading;
 - (b) Contain any content that can reasonably be considered to target individuals under the age of 21, including but not limited to cartoon characters, toys, or similar images and items typically marketed towards minors;
 - (c) Specifically encourages the transportation of marijuana items across state lines;
 - (d) Assert that marijuana items are safe because they are regulated by the Commission or have been tested by a certified laboratory or otherwise make claims that any government agency endorses or supports marijuana;
 - (e) Make claims that recreational marijuana has curative or therapeutic effects;
 - (f) Display consumption of marijuana items;
 - (g) Contain material that encourages the use of marijuana because of its intoxicating effect; or
 - (h) Contain material that encourages excessive or rapid consumption.
- (2) A marijuana retailer may not make any deceptive, false, or misleading assertions or statements on any product, any sign, or any document provided to a consumer.
- (3) A licensee must include the following statement on all advertising:
 - (a) "Do not operate a vehicle or machinery under the influence of this drug".
 - (b) "For use only by adults twenty-one years of age and older."
 - (c) "Keep out of the reach of children."

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8060
Advertising Media, Coupons, and Promotions

- (1) The Commission prohibits advertising through handbills that are posted or passed out in public areas such as parking lots and publicly owned property.
- (2) A licensee may not utilize television, radio, print media or internet advertising unless the licensee has reliable evidence that no more than 30 percent of the audience for the program,

publication or internet web site in or on which the advertising is to air or appear is reasonably expected to be under the age of 21.

(3) A licensee may not engage in advertising via marketing directed towards location-based devices, including but not limited to cellular phones, unless the marketing is a mobile device application installed on the device by the owner of the device who is 21 years of age or older and includes a permanent and easy opt-out feature.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8080

Removal of Objectionable and Non-Conforming Advertising

(1) A licensee must remove any sign, display, or advertisement if the Commission finds it violates these rules.

(2) The Commission will notify the licensee and specify a reasonable time period for the licensee to remove any sign, display or advertisement that the Commission finds objectionable.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

INVESTIGATION AND ENFORCEMENT

845-025-8500

Responsibility of Licensee, Responsibility for Conduct of Others

Each licensee is responsible for violations of any provision of chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2014, or chapter 699, Oregon Laws 2015, affecting the licensed privileges, or these rules and for any act or omission of a licensee representative that violates any law, administrative rule, or regulation affecting the licensed privileges.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 2, Chapter 614, Oregon Laws 2015

845-025-8520

Prohibited Conduct

(1) Sale to a Minor. A licensee or permittee may not sell, deliver, transfer or make available any marijuana item to a person under 21 years of age.

(a) Violation of this section for an intentional sale to a minor by a licensee, permittee or license representative is a Category II violation.

(b) Violation of this section for other than intentional sales is a Category III violation.

(2) Identification. A licensee or license representative must require a person to produce identification as required by Section 24, chapter 614, Oregon Laws 2015 before selling or providing a marijuana item to that person. Violation of this section is a Category IV violation.

(3) Access to Premises. A licensee or permittee may not:

(a) During regular business hours for the licensed premises, refuse to admit or fail to promptly admit a Commission regulatory specialist who identifies him or herself and who enters or wants to enter a licensed premises to conduct an inspection to ensure compliance with chapter 1, Oregon Laws 2015; chapter 614, Oregon Laws 2014; chapter 699, Oregon Laws 2015 affecting the licensed privileges; or these rules;

(b) Outside of regular business hours or when the premises appear closed, refuse to admit or fail to promptly admit a Commission regulatory specialist who identifies him or herself and requests entry on the basis that there is a reason to believe a violation of chapter 1, Oregon Laws 2015; chapter 614, Oregon Laws 2014; chapter 699, Oregon Laws 2015 affecting the licensed privileges; or these rules is occurring; or

(c) Once a regulatory specialist is on the licensed premises, ask the regulatory specialist to leave until the specialist has had an opportunity to conduct an inspection to ensure compliance with chapter 1, Oregon Laws 2015; chapter 614, Oregon Laws 2014; chapter 699, Oregon Laws 2015 affecting the licensed privileges; or these rules.

(d) Violation of this section is a Category II violation.

(4) Use or Consumption of Intoxicants on Duty and Under the Influence on Duty.

(a) No licensee, licensee representative, or permittee may consume any intoxicating substances while on duty, except for employees as permitted under OAR 845-025-1230(5)(b). Violation of this subsection is a Category III violation.

(b) No licensee, licensee representative, or permittee may be under the influence of intoxicating substances while on duty. Violation of this subsection is a Category II violation.

(c) Whether a person is paid or scheduled for a work shift is not determinative of whether the person is considered "on duty."

(d) As used in this section:

(A) "On duty" means:

(i) From the beginning to the end of a work shift for the licensed business, including any and all coffee, rest or meal breaks; or

(ii) Performing any acts on behalf of the licensee or the licensed business outside of a work shift if the individual has the authority to put himself or herself on duty.

(B) "Intoxicants" means any substance that is known to have or does have intoxicating effects, and includes alcohol, marijuana, or any other controlled substances.

(5) Permitting Use of Marijuana at Licensed Premises. A licensee or permittee may not permit the use or consumption of marijuana, or any other intoxicating substance, anywhere in or on the licensed premises, or in surrounding areas under the control of the licensee, except for employees as permitted under OAR 845-025-1230(5)(b). Violation of this section is a Category III violation.

(6) Import and Export. A licensee or permittee may not import marijuana items into this state or export marijuana items out of this state. Violation of this section is a Category I violation and could result in license or permit revocation.

(7) Permitting, Disorderly or Unlawful Conduct. A licensee or permittee may not permit disorderly activity or activity that is unlawful under Oregon state law on the licensed premises or in areas adjacent to or outside the licensed premises under the control of the licensee.

(a) If the prohibited activity under this section results in death or serious physical injury, or involves unlawful use or attempted use of a deadly weapon against another person, or results in a sexual offense which is a Class A felony such as first degree rape, sodomy, or unlawful sexual

penetration, the violation is a Category I violation and could result in license or permit revocation.

(b) If the prohibited activity under this section involves use of a dangerous weapon against another person with intent to cause death or serious physical injury, it is a Category II violation.

(c) As used in this section:

(A) "Disorderly activities" means activities that harass, threaten or physically harm oneself or another person.

(B) "Unlawful activity" means activities that violate the laws of this state, including but not limited to any activity that violates a state criminal statute.

(d) The Commission does not require a conviction to establish a violation of this section except as section 13(1)(f), chapter 614, Oregon Laws 2015 requires.

(8) Marijuana as a Prize, Premium or Consideration. No licensee or permittee may give or permit the giving of any marijuana item as a prize, premium, or consideration for any lottery, contest, game of chance or skill, exhibition, or any competition of any kind on the licensed premises.

(9) Visibly Intoxicated Persons. No licensee or permittee may sell, give, or otherwise make available any marijuana item to any person who is visibly intoxicated. Violation of this section is a Category III violation.

(10) Additional Prohibitions. A licensee or permittee may not:

(a) Sell or deliver any marijuana item through a drive-up window.

(b) Sell or offer for sale any marijuana item for a price per item that is less than the licensee's cost for the marijuana item;

(c) Use any device or machine that both verifies the age of the consumer and delivers marijuana to the consumer; or

(d) Deliver marijuana to a consumer off the licensed premises, except that retail licensees may provide delivery as set forth in OAR 845-025-2880.

(e) Violation of this subsection is a Category III violation.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015

Stats. Implemented: Sections 12, 14, 15, 16, 48, 49 and 50, Chapter 614, Oregon Laws 2015

845-025-8540

Dishonest Conduct

(1) False Statements. A licensee or permittee may not:

(a)) Make a false statement or representation to the Commission or law enforcement in order to induce or prevent action or investigation by the Commission or law enforcement. Violation of this subsection is a Category II violation.

(b) If the Commission finds that the false statement or representation was intentional, the Commission may charge the violation as a Category I violation and could result in license or permit revocation.

(2) Marijuana Item Misrepresentations.

(a)) A licensee or permittee may not misrepresent any marijuana item to a consumer, licensee, or the public, including:

(A)) Misrepresenting the contents of a marijuana item;

(B)) Misrepresenting the testing results of a marijuana item;

(C) Misrepresenting the potency of a marijuana item; or
(D) Making representations or claims that the marijuana item has curative or therapeutic effects.

(b) A licensee may not treat or otherwise adulterate usable marijuana with any chemical, biologically active drug, plant, substance, including nicotine, or other compound that has the effect or intent of altering the usable marijuana's color, appearance, weight or smell in violation of OAR 845-025-1300.

(c) A knowing or intentional violation of this section is a Category I violation and could result in license or permit revocation.

(d) Violation of this section in any manner other than knowing or intentional is a Category II violation.

(3) Supply of Adulterated Marijuana Items.

(a) A licensee may not supply adulterated marijuana items.

(b) Violation of this section is a Category I violation and could result in license revocation.

(4) Evidence. A licensee or permittee may not:

(a) Intentionally destroy, damage, alter, remove or conceal potential evidence, or attempt to do so, or ask or encourage another person to do so. Violation of this subsection is a Category I violation and could result in license cancellation.

(b) Destroy, damage, alter, remove or conceal potential evidence, or attempt to do so, or ask or encourage another person to do so, in any manner other than intentional. Violation of this subsection is a Category II violation.

(c) Refuse to give, or fail to promptly give, a Commission regulatory specialist or law enforcement officer evidence when lawfully requested to do so. Violation of this subsection is a Category II violation.

Stat. Auth.: Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015

Stats. Implemented: Section 51, Chapter 614, Oregon Laws 2015

845-025-8560

Inspections

(1) The Commission may conduct:

(a) A complaint inspection at any time following the receipt of a complaint that alleges a licensee or permittee is in violation of chapter 1, Oregon Laws 2015, chapter 614, Oregon Laws 2015, chapter 699, Oregon Laws 2015, or these rules;

(b) An inspection at any time if it believes, for any reason, that a licensee or permittee is in violation of chapter 1, Oregon Laws 2015; chapter 614, Oregon Laws 2015; chapter 699, Oregon Laws 2015; or these rules; or

(c) Compliance transactions in order to determine whether a licensee or permittee is complying with chapter 1, Oregon Laws 2015; chapter 614, Oregon Laws 2015; chapter 699, Oregon Laws 2015; or these rules.

(2) A licensee, licensee representative, or permittee must cooperate with the Commission during an inspection.

(3) If licensee, licensee representative or permittee fails to permit the Commission to conduct an inspection the Commission may seek an investigative subpoena to inspect the premises and gather books, payrolls, accounts, papers, documents or records.

Stat. Auth.: Sections 2, 12, 14, 15 and 16, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 30 and 108, Chapter 614, Oregon Laws 2015

845-025-8580

Suspended Licenses: Posting of Suspension Notice Sign, Activities Allowed During Suspension

- (1) Before 7:00 a.m. on the date a license suspension goes into effect, and until the suspension is completed, Commission staff must ensure that a suspension notice sign is posted on each outside entrance or door to the licensed premises.
- (2) The suspension notice sign must be posted in a way that allows any person entering the premises to read it. Licensees must use the suspension notice sign provided by the Commission. The sign will state that the license has been suspended by order of the Commission due to violations of the recreational marijuana laws (statutes or administrative rule) of Oregon. If there are multiple licenses at the location, the sign will specify which license privileges have been suspended.
- (3) During the period of license suspension, the licensee is responsible for ensuring:
 - (a)) Compliance with all applicable laws and rules; and
 - (b) That the suspension notice sign is not removed, altered, or covered.
- (4) A licensee or licensee representative may not allow the sale, delivery to or from, or receipt of marijuana items at the licensed premises during the period of time that the license is under suspension. During a period of time that the license is under suspension, a recreational marijuana licensee may operate the business provided there is no sale, delivery to or from, or receipt of a marijuana item.
- (5) Sanction:
 - (a)) A violation of section (4) of this rule is a Category I violation.
 - (b) A violation of sections (2) or (3)(b) of this rule is a Category IV violation.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
Stats. Implemented: Section 29 and 108, Chapter 614, Oregon Laws 2015

845-025-8590

Suspension, Cancellation, Civil Penalties, Sanction Schedule

- (1) The Commission may suspend or cancel:
 - (a)) A license under section 9, chapter 614, Oregon Laws, 2015.
 - (b) A marijuana handlers permit under section 20, chapter 614, Oregon Laws, 2015.
 - (c)) A research certificate under section 113, chapter 614, Oregon Laws, 2015.
- (2) The Commission may impose a civil penalty not to exceed \$5,000 under section 29, chapter 614, Oregon Laws 2015. Civil penalties will be calculated by multiplying:
 - (a) The number of days in a suspension, if suspension could be or is being imposed, by \$165 for licensees or certificate holders; or
 - (b) The number of days in a suspension, if suspension could be or is being imposed, by \$25 for permittees.
- (3) Violation Categories:

- (a) The Commission has the following violation categories:
 - (A)) Category I -- Violations that make licensee ineligible for a license;
 - (B)) Category II -- Violations that create a present threat to public health or safety;
 - (D)) Category III -- Violations that create a potential threat to public health or safety;
 - (E)) Category IV -- Violations that create a climate conducive to abuses associated with the sale or manufacture of marijuana items;
 - (F)) Category V -- Violations inconsistent with the orderly regulation of the sale or manufacture of marijuana items.
- (b) A proposed sanction schedule for the first and subsequent violations within a two-year period within each violation category is listed in Exhibit 1, incorporated by reference.
- (c) If the Commission finds aggravating or mitigating circumstances, it may assess a greater or lesser sanction from the proposed sanctions listed in Exhibit 1. Mitigating and aggravating circumstances include but are not limited to:
 - (A) Good faith efforts by a licensee, permittee or certificate holder to prevent a violation;
 - (B) Extraordinary cooperation from the licensee, permittee or certificate holder during the violation investigation that shows the licensee, permittee, or certificate holder accepts responsibility;
 - (C) A prior warning about compliance problems;
 - (D)) Repeated failure to comply with laws;
 - (E) Efforts to conceal a violation;
 - (F) The violation involved more than one customer or employee;
 - (G) The violation involved an individual under the age of 18; or
 - (H) The violation resulted in injury or death.
- (d) The Commission may always increase or decrease a sanction to prevent inequity or to take account of particular circumstances in the case.
- (6) The Commission increases sanctions based on successive violations in the same category within a two-year period. For example, if a licensee, permittee, or certificate holder who has committed one Category III violation and one Category IV violation within the past two years commits another Category III violation, the Commission assesses the sanction at the second level for the pending Class III violation. Numerous violations within the two-year period, regardless of the type, may indicate such a disregard for the law or failure to control the premises so as to warrant cancellation of the license, permit or certificate.
- (7) A licensee may not avoid the sanction for a violation or the application of the provision for successive violations by changing the corporate structure for example, by adding or dropping a partner or converting to another form of legal entity when the individuals who own, operate, or control the business are substantially similar.

Stat. Auth.: Section 2, Chapter 614, Oregon Laws 2015
 Stats. Implemented: Section 9, 29, 93, 108, Chapter 614, Oregon Laws 2015

Exhibit 1, OAR 845-025-8590
Oregon Liquor Control Commission
Recreational Marijuana Sanctions

Category	1st	2nd	3rd	4th	5th	6th	7th
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I	Cancel						
II	30 days	Cancel					
III	10 days or \$1650	30 days or \$4950	30 days	Cancel			
IV	7 days or \$1155	10 days or \$1650	20 days or \$3300	30 days	Cancel		
V	3 days or \$495	7 days or \$1155	10 days or \$1650	20 days or \$3300	30 days	Cancel	

Categories for Most Common Violations

Category	Violation
I	Conviction of a felony
	Operating other than the license permits
	Intentional false statement to the Commission
	Intentional destruction or concealment of evidence
	Permitted noisy, disorderly or unlawful activity that results in death or serious physical injury, or that involves unlawful use or attempted use of a deadly weapon against another person, or that results in a sexual offense which is a Class A felony, such as first degree rape, sodomy, or unlawful sexual penetration
	Failure to notify prior to complete change of ownership/allowed interest in licensed business without prior Commission approval
	Operated licensed business while suspended

Category	Violation
II	False statement or representation to Commission
	Destruction or concealment of evidence (other than intentional)
	Failure to promptly admit regulatory specialist or law enforcement into licensed retail premises
	Under the influence of intoxicants while on duty
	Failure to verify the age of a minor (intentional)
	Denial of access by law enforcement or regulatory specialist to the licensed premises during regular business hours

	Permitted noisy, disorderly or unlawful activity that involves use of a dangerous weapon against another person with intent to cause death or serious physical injury
	Failure to promptly admit regulatory specialist or law enforcement onto the licensed premises when premises appear closed (for producer, processor, wholesale or lab licensees, and research certificate holders)
	Failure to permit premises or records inspection

Category	Violation
III	Permitted minor to enter or remain in a prohibited area
	Conviction of a crime other than a felony (licensee)
	Permitted sales by an employee without a marijuana handler permit
	Sold or made recreational marijuana available to a visibly intoxicated person
	Failure to verify the age of a minor (other than intentional)
	Consumption of marijuana, alcohol or other intoxicants while on duty
	Permitted consumption (by employees, customers or the public) of alcohol, marijuana or other intoxicants on the licensed premises or in areas adjacent to the licensed premises under licensee's control (such as parking lots)
	Failure to keep required records (other than as required in 845-025-7500, seed-to-sale tracking requirements)
	Permitted disorderly activity
	Permitted unlawful (under state law) activity
	Failure to complete manifest before transport
Failure to pay taxes to the Department of Revenue	

Category	Violation
IV	Operated the licensed business after lawful hours for sale of marijuana items (retail licensees)
	Removed, altered or covered license suspension or other required notice sign
	Advertising violations

Category	Violation
V	
	Permitted marijuana items to be given as a prize (retail licensees)
	Failure to notify the Commission of a temporary closure of the licensed business (all licenses and certificates)

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EXHIBIT "11" (Miscellaneous)

THE 21ST CENTURY CORPORATION MARIJUANA

Legal Marijuana Sales Could Hit \$6.7 Billion In 2016

by Tom Huddleston, Jr.

@tjhuddle

FEBRUARY 1, 2016, 6:00 AM EST



Samples on display at a marijuana dispensary in Portland, Oregon, on October 4, 2015. Photograph by Josh Edelson—AFP/Getty Images

It's time to take America's legal marijuana market seriously.

As voters in more states embrace legalized marijuana sales, the burgeoning cannabis industry has gone from a curiosity to a bona fide booming market.

Just how big is the market for legal pot? A new report by a leading marijuana industry investment and research firm found legal cannabis sales jumped 17%, to \$5.4 billion, in 2015 and they will grow by a whopping 25% this year to reach \$6.7 billion in total U.S. sales.

The numbers are staggering, considered the first recreational dispensaries opened for business in Colorado only two years ago.

On Monday, **ArcView Market Research** will release its fourth edition of The State of Legal Marijuana Markets report, and it includes the prediction that the legal cannabis market will see a whopping \$21.8 billion in total annual sales by 2020. (By comparison, at that point, the legal marijuana market **could be bigger than the National Football League**, which saw roughly \$12 billion of revenue last year but is **aiming to reach \$25 billion by 2027.**)

ArcView expects the legal pot market to show a compound annual growth rate of nearly 30% over the next few years. "I think that we are going to see in 2016 this next wave of investors, the next wave of business operators, and people who've sort of been watching or dipping their toe in, really starting to swing for the fences and take it really seriously," ArcView CEO Troy Dayton said in an interview.





The first crop of home grown pot is coming to harvest inside an apartment in Washington, D.C., August 8, 2015. About one pound of two marijuana plants are harvested. The female plants, which were grown in large flower tents with LED and daylight lights, need around 60 days before they are ready.

Photograph by Astrid Riecken — Getty Images

ArcView Market Research, part of cannabis industry investor network ArcView Group, provides some of the most regularly-cited figures and estimates on the market for legal marijuana. In November, ArcView **announced a new partnership** with cannabis industry data analytics firm **New Frontier** to co-publish and co-produce its annual report. And this partnership yielded “by far the most comprehensive report,” Dayton said. Rather than just focusing on medical and recreational dispensaries’ sales, the report tracks a wide variety of legal marijuana sales, including cannabis products sold through delivery services and medical marijuana “**caregivers**,” who can legally grow and distribute the drug.

ArcView’s latest projections are cause for even greater optimism for the cannabis industry than in previous reports, which previously estimated \$2.7 billion total industry sales for 2014 (ArcView now estimates \$4.6 billion in sales that year) while predicting that the market would grow to \$10.8 billion by 2018.

Why the market is growing

While the drug remains absolutely illegal on the federal level, the tide of public opinion has been moving in favor of legal marijuana for years, according to national polls. A handful of states could become the latest to allow the sale of recreational pot **following expected votes in November**. Four states already have legalized recreational marijuana, and a total of 23 states have legalized medical marijuana.

Well-established medical pot markets in states like California still account for much of the country's legal marijuana sales, but recreational marijuana sales is expected to help fuel the cannabis market's soaring growth over the next few years, says ArcView. It projects that adult-use pot sales will account for more than half (53%) of the overall market by 2020. That would represent growth of more than 1,150% for recreational sales over the next four years.

The huge jump in adult-use sales last year coincides with the first full year of recreational marijuana sales in Washington, which launched its legal recreational market **in July 2014**, as well as the beginning of **legal sales in Oregon** last fall. Meanwhile, **2015 recreational sales in Colorado** had already increased by almost 68% year-over-year after only 11 months.

The growth in edibles, which are higher priced, have helped fuel sales, says New Frontier Director of Analytics John Kagia, who authored this year's State of Legal Marijuana Markets report. "They also come at higher price points than the flower does, which means the businesses are able to capture higher sales per customer through the sales of these new products."



More states expected to legalize recreational marijuana

The biggest driver of growth in coming years is sure to be new laws being passed by states, according to Dayton. About a half a dozen states could put a legal pot to a vote this fall. California's medical sales already account for a large chunk of the total industry; if it legalizes recreational marijuana this November, as **many expect**, that alone could lead to a huge boom in industry sales.

Meanwhile, expect the cannabis industry to continue to gain legitimacy among entrepreneurs and investors. “A lot of people in the business and finance world, in particular, have kind of taken a ‘wait and see’ approach to the cannabis industry,” Dayton said. That will change in 2016, he predicts. Continued revenue growth **attracts more investors** (and convinces them to dig deeper for investments). The industry has already begun to see signs of that, such as last year’s news that cannabis-focused Privateer Holdings had **secured a \$75 million investment** from Founders Fund, the firm founded by billionaire Peter Thiel.

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