

HdL[®] Companies

CITY OF PASADENA

Applicant Name: Shadowbart & Company, Inc. dba Caliva

Reviewer: Tim Cromartie

Date: 4/16/19

OVERALL SCORE	Maximum Points	Points Awarded	Percent Score
	1,575	1,382	87.75%

GENERAL COMMENTS
<p>Applicant provided a detailed packet that included sections prepared by a variety of qualified professional consultants. However, applicant provided summary information in places where responses lacked detail. The applicant has demonstrated ample previous experience that is directly applicable to operating a cannabis retailers.</p> <p>Applicant appears to have anticipated many potential issues and has been proactive in addressing them.</p>

SECTION 1: QUALIFICATIONS OF OWNERS/ OPERATORS	750	675	90.00%
<p><u>Experience</u></p> <p>Applicant provided documentation to show that they are or have been part owner of 1 licensed retailer in the City of Brisbane over the past year. Applicant provided a BCC license number. In addition, applicant operates 2 retail establishments in San Jose with city permits only, and a microbusiness with a retail component in the City of Brisbane, in addition to the stand-alone retail business.</p>			
<p><u>Cannabis Industry Knowledge</u></p> <p>Application demonstrated a high degree of knowledge about the cannabis industry from both legally permitted and non-permitted businesses.</p> <p>Application provided great detail about how the business will address requirements of State and local laws.</p>			
<p><u>Ownership Team</u></p> <p>Application described any role of owners in the company's operations, but their respective functions appear to be mostly strategic in nature rather than focused on day-to-day operations. The narrative made no mention of on-site management or involvement in day to day business operations.</p>			

SECTION 2: BUSINESS PLAN	525	445	84.76%
<p><u>Standard Operating Procedures (SOP)</u> Operating procedures discussion, while not comprehensive, was of very high quality and extremely detailed in the material that it did cover: age verification protocols, approach to customer service, delivery operations, and ensuring compliance with state testing requirements. No mention of point of sale, inventory control, or cash handling.</p>			
<p><u>Financial Plan</u> Discussion focused in detail on accounting procedures, audits, inventory counts, inventory control protocols, and tax compliance. Exhibit A contains 5-year financial forecast and estimated start-up cost of REDACTED.</p>			
<p><u>Funding/Proof of Capitalization</u> Applicant provided bank statements demonstrating combined cash assets of REDACTED and an available line of credit (in the form of a promissory note) for REDACTED.</p>			
<p><u>Records Software</u> Applicant provided detailed description of all records retention protocols, including digital maintenance of its filing system via Google Drive, and use of Trellis software to meet product trace and track requirements. Two additional software's will be used including Green Bits for applicant's POS needs.</p>			
<p><u>Track-and-Trace</u> Applicant will use Odoo as the software to interface with METRC, the state system. Application generally demonstrated a high degree of familiarity with track and trace requirements. Narrative included summary of METRC's core capabilities.</p>			
<p><u>State Testing Requirements</u> All of applicant's products are tested a minimum of twice: Once by its San Jose-based in-house laboratory through the manufacturing process, second by an independent State licensed laboratory Applicant acknowledges that products will only be purchased from State licensed cannabis companies that have met all testing requirements. No discussion of specific testing requirements.</p>			
<p><u>Employee Training</u> Narrative covered applicant's core training components for employees and included state law, employer regulations, sexual harassment, interaction with first responders, rights/responsibilities of consumers, emergency response plan, applicant's product offerings, and education on cannabis plant and its anatomy, and common benefits of use.</p>			

Customer Education

Customer interaction with employees is the primary mechanism of education. Applicant will have a Training & Education Coordinator to educate employees on general cannabis knowledge and state and local laws and regulations.

Marketing

Applicant will advertise via local and regional publications, digital media, outdoor advertising, and by emphasizing quality retail experience for customers.

Community Benefits

Narrative made few specific commitments and focused on past actions in other cities. Applicant states: "Caliva is committed to bringing a sense of financial philanthropy and volunteerism to the City. We engage with our neighbors and city leaders to determine valuable targets before embarking on a giving and volunteerism program." Caliva funds initiatives such as job placement, paid internship opportunities, partnership with local workforce programs with 1% of its net revenues.

SECTION 3: NEIGHBORHOOD COMPATIBILITY & ENHANCEMENT

150

133

88.67%

Exterior Design Concept

Applicant states "our design team will work to design an exterior and interior that blends cohesively with the neighborhood, the cities vision and Caliva's brand identify to integrate Caliva into Pasadena." However in Exhibit E applicant provides a computer-generated image reflecting a modern design that may or may not be consistent with the statement above.

Design Concept Integration

Applicant does not directly address this question but provides in Exhibit E examples of tile, brick and stone and wood that may be used as building materials for its Pasadena facility.

Integration of Security Measures

Security cameras are recessed and low profile for aesthetics; perimeter is used and chosen to match surrounding architecture; all Caliva facilities uses electronic access controls on all exterior and limited access doors, hard wired into the walls and door frames for aesthetics.

Air Quality/Odor Control

Applicant's odor management components consist of the following: Circulation fans, carbon filters, air transfer and pressurization design to reduce odors within the facility. All air exhaust from an odorous area is treated by odor scrubbers before being released to the atmosphere. Purge fans for emergency CO2 evacuation have activated carbon filters.

SECTION 4: SECURITY PLAN	150	129	86.00%
<p><u>Security Experience</u> Bulk of the Security plan was prepared by Michael Bacon, owner of Rezolvrizk, an independent security consultant who is industry certified in security, information security, and human resources. He has a 30-year career in security and was responsible for worldwide security for Wells Fargo Bank. The plan has also been reviewed by security consultant Paula Otis, with Otis Security.</p>			
<p><u>Background Checks</u> Minimum age of 21, fingerprint scan and background check are mandatory conditions for employment.</p>			
<p><u>Employee Safety Education</u> Applicant provided a detailed employee safety training plan as a component of its Security Plan.</p>			
<p><u>Employee Theft Reduction Measures</u> Preventing Theft/Non-Diversion component of Security Plan includes zero tolerance policy for employee theft, mandatory reporting of incidents to management, and thorough investigation of all allegations.</p>			
<p><u>Cash Management Plan</u> Narrative has detailed cash management procedures but does not mention disposal/transfer of cash off site.</p>			
<p><u>Product Access Protocols</u> Floor plan and business plan both describe secured, limited access areas, which will require key cards. Employees will only have access to those secured areas necessary for their job duties. Cannabis not on display will be kept secured in vault, safe or secure storage attached to floor.</p>			
<p><u>Product Deliveries</u> REDACTED. There is also brief mention of physical features, electronic tools and operational procedures to mitigate risk, but no further detail is provided.</p>			
<p><u>Security Guards</u> Applicant has contracted with Kingdom Security Company to provide 24-hr security presence REDACTED. All guards will be licensed by BSIS.</p>			
<p><u>Video Camera Surveillance</u> Applicant provided detailed schematics for all camera locations, and cited Police Department access and redundant monitoring as features. Coverage includes entire exterior, parking lot and roof.</p>			
<p><u>Armored Vehicle</u> Financial transactions for applicant's parent company and subsidiaries are handled via cash, check, ACH and wires. Cash is processed on a REDACTED basis via armored car service (unnamed) REDACTED where it is credited to our financial institution's system.</p>			