

Exhibit 4

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7.130.030 Definitions.

As used in this chapter, the following words and phrases shall have the meanings respectively ascribed to them by this section:

(A) “Applicant” means the person or entity submitting an application for a license under this chapter.

(B) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, as defined under Business and Professions Code Section [26001\(e\)](#), as may be amended.

(C) “Cannabis Consumption” means smoking, eating, drinking, chewing, applying topically or otherwise ingesting cannabis and/or cannabis products.

~~(D)~~ “Cannabis plant” means any mature or immature cannabis plant, or any cannabis seedling, unless otherwise specifically provided herein.

~~(E)~~ “Cannabis products” means plant material that has been transformed, through a manufacture process whether by mechanical means and/or using solvents, into concentrated cannabis, or cannabis tinctures, edibles, drinks, topical salves, lotions or other materials containing cannabis or concentrated cannabis and other ingredients.

~~(F)~~ “CRL program” means the cannabis retail licensing program created by this chapter.

~~(G)~~ “Cultivation” or “cultivate” means the planting, growing, developing, propagating, harvesting, drying, processing, or storage of one or more cannabis plants or any part thereof in any location, indoor or outdoor, including within a fully enclosed and secure building.

(H) “Designated cannabis smoking area” means a designated area where ingestion of inhalable cannabis products, purchased from the licensee, may occur on the premises of the licensee.

(I) “Designated cannabis smoking area ventilation system” means a ventilation system capable of removing all detectable odors, smoke and by-products of combustion.

~~(J)~~ “License” means the written evidence of permission given by the Licensing Official for a licensee to operate a retail business. “License” does not mean “permit” within the meaning of the Permit Streamlining Act, and a license does not constitute a permit that runs with the land on which a retail business sits.

(~~KH~~) “Licensee” means the person or entity holding a valid license to operate a retail business under this chapter.

(~~LJ~~) “Licensing Official” means the official appointed by the County Administrative Officer who is responsible for implementing the provisions of this chapter.

(~~MJ~~) “Manager” means any person to whom a retail business has delegated discretionary powers to organize, direct, carry on or control its operations. Authority to control one or more of the following functions shall be prima facie evidence that such a person is a manager of the business: (1) to disburse funds of the business other than for the receipt of regularly replaced items of stock; or (2) to make, or participate in making, policy decisions relative to operations of the business.

(~~NK~~) “Owner” or “owners” means any of the following: all persons or entities holding a financial interest in a retail business. For purposes of this definition, the term “financial interest” does not include a security interest, lien, or encumbrance on property.

- (1) A person with an aggregate ownership interest of 10 percent or more in the applicant applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.
- (2) The chief executive officer of a nonprofit or other entity.
- (3) A member of the board of directors of a nonprofit.
- (4) An individual who will be participating in the direction, control, or management of the person applying for a license.

(~~OL~~) “Parcel” means that unit of land assigned a unique assessor’s parcel number by the County Assessor, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area.

(~~PM~~) “Park” means any playground, hiking or riding trail, recreational area, beach, community center or building, historic structure or facility, owned, managed or controlled by any public entity.

(~~QN~~) “Retail business” or “retailer,” for the purposes of this chapter, means a fixed brick-and-mortar storefront located within the unincorporated area of Santa Cruz County that sells cannabis

and cannabis products to retail consumers. “Retail business” or “retailer” does not include the following:

- (1) Any location during only that time reasonably required for a primary caregiver to distribute, deliver, dispense, or give away cannabis to a qualified patient or person with an identification card who has designated the individual as a primary caregiver, for the personal medical use of the qualified patient or person with an identification card, in accordance with California Health and Safety Code Sections [11362.5](#) and [11362.7](#) et seq.;
- (2) The location of any clinic licensed pursuant to Chapter 1 (commencing with Section 1200), a health care facility licensed pursuant to Chapter 2 (commencing with Section 1250), a residential care facility for persons with chronic life-threatening illness licensed pursuant to Chapter 3.01 (commencing with Section 1568.01), a residential care facility for the elderly licensed pursuant to Chapter 3.2 (commencing with Section 1569), a hospice, or a home health agency licensed pursuant to Chapter 8 (commencing with Section 1725), all of Division 2 of the California Health and Safety Code where: (a) a qualified patient or person with an identification card receives medical care or supportive services, or both, from the clinic, facility, hospice, or home health agency, and (b) the owner or operator, or one of not more than three employees designated by the owner or operator, of the clinic, facility, hospice, or home health agency has been designated as a primary caregiver pursuant to California Health and Safety Code Section [11362.7\(d\)](#) by that qualified patient or person with an identification card; or
- (3) A cultivation site granted an exemption by the Planning Director pursuant to SCCC [13.10.670\(G\)](#) as enacted by Ordinance No. 5090 (now repealed), so long as the area subject to cultivation is not expanded or enlarged beyond what existed at that location on January 1, 2012.

~~(R)~~ “School” means any licensed preschool or any public or private school providing instruction in kindergarten or grades one to 12, inclusive, but does not include any private school in which education is primarily conducted in private homes.

~~(S)~~ “Vehicle” means a device by which any person or property may be propelled, moved, or drawn upon a street, sidewalk or waterway, including but not limited to a device moved exclusively by human power.

(TQ) The following words or phrases when used in this section shall be construed as defined in California Health and Safety Code Section 11362.7: “identification card”; “person with an identification card”; “primary caregiver”; and “qualified patient.”

7.130.110 License required.

(C) Amending a License.

(1) Licensees may submit an application to amend an existing license at any time, on a form promulgated by the Licensing Official for that purpose. Applications to amend a license will be reviewed by the Licensing Official in a manner consistent with the review of original and renewal license applications. Amendments must be submitted prior to any changes occurring in ownership, corporate structure, business activities, or physical modifications to the premises.

(2) Applicants seeking an amended license must include with their application a monetary deposit, to be determined by the Licensing Official or their designee, based on an estimate of the hours the Licensing Official will need to review the application and perform any necessary inspections. Additional deposits or payments shall be made as determined necessary by the Licensing Official in order to recover costs associated with processing the application.

(3) Requests by a licensee to change locations to a new parcel will be addressed by the Licensing Official on a case-by-case basis, considering all the requirements of this chapter. However, licensees shall not be allowed to move to a new parcel unless the new parcel meets all the requirements of this chapter.

(4) Requests by a licensee to include cannabis consumption on an existing retail site or adjoining parcel will be addressed by the Licensing Official on a case-by-case basis, considering all requirements of this chapter. Cannabis consumption licensing amendments shall include a designated cannabis smoking area ventilation system plan that has been designed by a licensed mechanical engineer. The designated cannabis smoking area ventilation system plan must include:

(a) An explanation of how the ventilation system will be capable of removing all detectable odors, smoke and by-products of combustion. The designated cannabis smoking area ventilation plan shall include a statement signed and dated by the person who prepared it, certifying that in their professional judgement the ventilation system proposed will be capable of achieving the protection from particulate matter (PM 2.5)

equivalent to that associated with MERV 11 filtration (as defined by American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) standard 52.2) and that the designated cannabis smoking area will remain under negative pressure, at all times, while in use. The Cannabis Licensing Official or County of Santa Cruz Chief Building Official may specify additional or alternative protective equivalents as technology and research dictate. This ventilation plan proposal shall ~~must~~ include information to address the following:

- (1) Air exchanges rates for the designated cannabis smoking area.
- (2) Air exchange rates for common areas within the licensee's building.
- (3) Filter type and odor control measures for the designated cannabis smoking area.
- (4) Location of air intakes and exhaust outlets (exhaust outlets located the maximum distance possible from any residential or commercial building, and no less than 15 feet). Exhaust outlets shall comply with California Mechanical Code section 502.2.2 - "Other Product Conveying Outlets" termination requirements.
- (5) If negative pressure will be maintained only in the designated cannabis smoking area.
- (6) Area or areas of the licensee's building that are not served by enhanced ventilation.
- (7) Area or areas of the licensee's building where smoking or vaping will occur.
- (8) If applicable, location of Z-ducts, trickle vents or similar unfiltered air system used for the licensee's building.
- (9) Percentage of total square footage, for customer use, of the licensee's building that will be used for vaping or smoking of cannabis in the designated cannabis smoking area.
- (10) Designated cannabis smoking area does not share space with employee work area. (Yes/No).
- (11) Maximum occupant load for the designated cannabis smoking area.

(b) The licensee shall demonstrate to the Licensing Official that the following standards have been met prior to approval by the Cannabis Licensing Official:

(1) The designated cannabis smoking area shall be located in a non-work area where licensee's employees are not required to enter as a condition of their employment.

(2) The designated cannabis smoking area shall have signage to designate smoking areas. The licensee shall specify the locations where such signage shall be installed.

(3) The designated cannabis smoking area shall have a separate heating, ventilation and air-conditioning (HVAC) system such that none of the air in the designated smoking area will be recirculated into other parts of the licensee's building.

(4) The designated cannabis smoking area shall be completely separated from the remainder of the licensee's premises by solid partitions or glazing without openings other than doors. All doors to the designated cannabis smoking area must be installed with a gasket to provide a seal where the door meets the stop.

(5) The designated cannabis smoking area ventilation system shall exhaust 100% of the air directly to the outside through a filtration system that, at a minimum, eliminates all detectable odor, smoke and by-product of combustion so as to prevent any and all public nuisances.

(6) The designated cannabis smoking area shall remain under negative pressure and shall have a 10% differential, in relation to the other spaces inside of the licensee's building.

(7) The designated cannabis smoking area shall be equipped with a ventilation system that provides 60 cubic feet per minute (cfm) of supply air per smoker.

(8) The designated cannabis smoking area shall not be directly accessible from the primary outside entrance to the licensee's building, and shall not be visible from the fronting street or store front.

(9) The designated cannabis smoking area's ventilation system and all mechanical equipment shall be designed to assure compliance with all requirements of SCCC 8.30 (Noise).

(10) The designated cannabis smoking area's ventilation system shall be designed to comply with California Mechanical Code section 505.0 - "Product-Conveying Systems" requirements.

(c) The designated cannabis smoking area ventilation plan shall include a description of the Operations and Maintenance plan for the ventilation system and methods for recordkeeping to ensure that the Operations and Maintenance Plan is followed. A current Operations and Maintenance manual must be kept on-site and provided to all managers, building engineers and building owners. The manual shall be reviewed annually by the licensee and updated by the licensee as appropriate. The manual shall include:

(1) A provision that inoperability of the designated cannabis smoking area's ventilation system shall result in immediate closure of the designated cannabis smoking area.

(2) The approved designated cannabis smoking area ventilation system installed shall be properly maintained and documented as stated in the Operations and Maintenance manual following standard practices, and as specified by the design engineer.

(3) Documentation of the installation and/or maintenance of the designated cannabis smoking area ventilation system shall be preserved for a minimum of five years after such installation or maintenance.

(d) The Cannabis Licensing Official shall review the designated cannabis smoking area ventilation plan and may require additional modification or justification prior to approval. Approval by the Cannabis Licensing Official must be granted prior to the application for a building permit. The Cannabis Licensing Official's action on the designated cannabis smoking area ventilation system plan shall be one of the following:

(1) Approve without further revision; or

(2) Require corrections, additions, and/or modifications which will allow the applicant to revise according to the Cannabis Licensing Official's specific comments and resubmit; or

(3) Reject.

(D) Required Statements on Licenses. All licenses issued by the Licensing Official shall contain the following statements, displayed prominently on the license itself:

(1) A warning that operators, employees, and members of cannabis businesses may be subject to prosecution under Federal laws; and

(2) An acknowledgment that, by accepting the license and operating a retail business, the applicant and owners of the business have released the County from any and all liability for monetary damages related to or arising from the application for a license, the issuance of the license, the enforcement of the conditions of the license, or the revocation of the license; and

(3) Any other statements deemed necessary by the Licensing Official.

(E) Restrictions Relating to the Issuance of a License.

(1) No license may be issued to operate a retail business unless the retail business is located in a zone district designated as PA (Professional and Administrative Offices), C-1 (Neighborhood Commercial), C-2 (Community Commercial), C-4 (Commercial Services), or CT (Tourist Commercial) by the Santa Cruz County Zoning Ordinance.

(2) No license may be issued to operate a retail business located within 600 feet from (a) a school; (b) another cannabis retail business; or (c) an alcohol or drug treatment facility. This restriction may be waived by the Licensing Official if findings are made that the general public benefit would outweigh concerns regarding intensity of use, land use compatibility, and public health and safety. If this restriction is waived, public notice and an opportunity to appeal the waiver will be provided as delineated in subsections (E)(5), (6), and (7) of this section. The distance specified in this subsection shall be the horizontal distance measured in a straight line from the property line of the school or other retail business to the closest property line of the lot containing the retail business under review, without regard to intervening structures. The distance requirements set forth in this subsection shall not apply to those licensed health care and other facilities identified in

California Health and Safety Code Section [11362.7\(d\)\(1\)](#); or a retail business that is in violation of the distance requirement of this subsection as a result of the establishment of a conflicting use (a school or other retail business) after the date on which the State Board of Equalization issued a seller's permit to the retail business for its location.

(3) No license may be issued to operate a retail business within 300 feet of any parcel zoned RA (Single-Family Residential and Agriculture); RR (Single-Family Residential, Rural); R-1 (Single-Family Residential, Urban/Rural); RB (Single-Family Residential, Oceanfront/Urban); or RM (Multiple-Family Residential). This restriction may be waived by the Licensing Official if findings are made that the general public benefit would outweigh concerns regarding intensity of use, land use compatibility, and public health and safety. If this restriction is waived, public notice and an opportunity to appeal the waiver will be provided as delineated in subsections (E)(5), (6), and (7) of this section. The distance specified in this section shall be the horizontal distance measured in a straight line from the property line of the residentially zoned property to the closest property line of the lot on which the retail business is to be located. This prohibition shall not apply to retailers operating in a location occupied on January 1, 2016.

(4) In the instance an applicant requests a waiver, as defined in subsections (E)(2) and (3) of this section, the Supervisor of the affected district shall be notified prior to a determination by the Licensing Official.

(5) Upon approval of a waiver by the Licensing Official, the following public notice procedures are required:

(a) The County shall mail a notice, in the form of a postcard or letter to the applicant and to all property owners within 600 feet of the exterior boundaries of the subject property, as well as to all lawful occupants of properties within 100 feet of the subject property, including the lawful occupants of the subject property; and

(b) The applicant shall post a notice on the subject property in a conspicuous place at least 14 calendar days prior to the end of the appeal period.

(6) Contents of the waiver notice shall include:

(a) Location of the proposed project;

(b) Name of the applicant and owner;

- (c) Description of the proposed project and waiver requested;
- (d) Process to obtain additional information;
- (e) Description of appeal procedures; and
- (f) Final date on which an appeal will be accepted.

(7) Appeal Procedures.

- (a) Who May Appeal. Any person whose interests are adversely affected by approval of a waiver may submit a notice of appeal.
- (b) Appeal Period. The period to appeal a waiver determination shall be 21 calendar days from the date public notices are mailed pursuant to subsection (E)(5)(a) of this section.
- (c) Contents of a Notice of Appeal. Appeals can be made by submitting a notice of appeal, which shall be a signed writing submitted to the Cannabis Licensing Office at the address provided and by the date listed on the public notice. The notice of appeal shall identify the proposed project and proposed waiver, shall provide the identity and contact information of the appellant, and shall set forth a concise statement of the reasons appellant believes the proposed waiver is unjustified or inappropriate.
- (d) Effect of Notice of Appeal. The submission of the notice of appeal shall have the effect of staying the issuance of a cannabis business license until such time as final action has been taken on the appeal.
- (e) Appeal Hearing. An administrative hearing officer shall review any appeal(s) made on a waiver. The hearing officer shall consider the notice of appeal, the proposed waiver, the cannabis business license application, and any other relevant documents or written information provided by the Licensing Official, applicant, or appellant. The administrative hearing officer shall review the matter de novo and render a written decision within 30 days. The decision shall be final.

(F) Restrictions on the Mobile Delivery of Cannabis.

(1) Holders of a State retail license, which are located within the County of Santa Cruz, may deliver cannabis to consumers via mobile delivery to the consumer's premises, subject to the provisions of this section.

(2) Licensees engaging in mobile deliveries shall keep complete and appropriate financial records enabling audit of all transactions accomplished via mobile delivery, and shall be able to distinguish between, and account for, sales between the categories of on-site sales versus mobile delivery sales for accounting purposes.

(3) Licensees that engage in mobile deliveries are prohibited from having any advertisement of their business or services on their delivery vehicles.

(G) Restrictions on Retail Sales for Onsite Consumption. Retailers are prohibited from selling ingestible products, which can be orally consumed, with a serving size in excess of 10 mg of THC.

(HG) Grounds for License Revocation. Grounds for revocation of a license include, but are not limited to, any of the following:

(1) Retailers remaining open and/or operating between the hours of 10:00 p.m. and 8:00 a.m.

(2) Allowing alcohol or cannabis to be consumed at the premises of a retail business ("premises," for purposes of this subsection, includes any area used for parking any vehicle).

(3) Allowing a minor unaccompanied by a parent or legal guardian to enter a retail business.

(4) Allowing a person less than 21 years of age to transport, distribute, deliver, dispense, or give away cannabis on behalf of the business.

(5) Allowing cannabis to be visible from the exterior of a retail business or a cannabis delivery vehicle.

(6) Illuminating any portion of a retail business between the hours of 10:00 p.m. and 8:00 a.m. by lighting that is visible from the exterior of the premises, except such lighting as is reasonably utilized for the security of the premises.

(7) Failure by an applicant or owner of a retail business to successfully pass the background check required by the Licensing Official, including but not limited to successfully passing the LiveScan background check conducted annually before the submission of an application for an original or renewal license.

A failed LiveScan is a LiveScan report that includes any felony conviction within the past 10 years and/or reflects that the applicant or owner is currently on parole or probation related to a felony conviction. Felony convictions for cannabis-related offenses prior to January 1, 2016, will not result in a failed LiveScan, unless the offense involved sales to a minor.

(8) Providing an on-site location for physicians or medical professionals to write recommendations for medical cannabis.

(9) Failing to provide litter and graffiti removal services for a licensee's business premises on a daily basis.

(10) Failure to provide adequate security precautions at all times, including, but not limited to, dedicated security personnel present during a retailer's hours of operation.

(11) Violation of County signage regulations (see ~~Chapter~~ [SCCC 13.10](#) ~~SCCC~~), the placement or use of any roadside billboard to advertise any aspect of a cannabis business or cannabis products, or the placement or use of any sign that includes pricing of cannabis, details regarding specific cannabis products, or cannabis photography or graphics related to the cannabis plant, cannabis products, or cannabis paraphernalia.

(12) Three or more citations for violation of ~~Chapter~~ [SCCC 8.30](#) ~~SCCC~~ (Noise) within a single year.

(13) Possession, storage, or use of any firearm at a retailer or in association with the delivery of cannabis.

(14) Violation of any of the restrictions relating to the issuance of a license or the mobile delivery of cannabis as set forth in this chapter.

(15) Violation of any Santa Cruz County Code provision related to the cultivation of cannabis, including but not limited to any provision in ~~Chapter~~ [SCCC 7.128](#) ~~SCCC~~.

(16) Failure to cooperate with a financial audit by the County of Santa Cruz of any and all aspects of the licensee’s business, including but not limited to on-site inspection and review of financial transactions, sales records, payroll and employee records, purchase orders, overhead expense records, shipping logs, receiving logs, waste disposal logs, bank statements, credit card processing statements, inventory records, tax records, lease agreements, supplier lists, supplier agreements, policies and procedures, and examination of all financial books and records held by the licensee in the normal course of business.

(17) Failure to timely remit the taxes required to be paid under ~~Chapter~~ SCCC 4.06 SCCC (Cannabis Business Tax).

(18) Violation of any Santa Cruz County Code provision or State law related to the extraction of cannabis oils, resins, or other compounds from cannabis plants.

(19) Violation of any Santa Cruz County Code provision or State law related to the cannabis business activity, including any provision of the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”).

(20) Violation of any administrative rule or regulation promulgated by the Licensing Official.

(21) Failure to maintain a State-issued license authorizing the retail sale of cannabis.

(H) Denial or Revocation of License; Remedies.

(1) The Licensing Official may deny an application for an original or renewal license, or revoke an original or renewal license, for any of the following reasons:

(a) Discovery of untrue statements submitted on a license application.

(b) Revocation or suspension of any State license required to sell cannabis.

(c) Previous violation by the applicant of any provision of the Santa Cruz County Code or State law related to selling cannabis, or related to the cultivation, transportation, extraction, or manufacture of cannabis or cannabis products.

(d) Operation of a retail business in a manner contrary to any of the conditions set forth in subsection (E) (Restrictions Relating to the Issuance of a License), subsection

(F) (Restrictions on the Mobile Delivery of Cannabis), or subsection (G) (Grounds for License Revocation) of this section.

(e) The applicant or owner failed their last annual LiveScan background check.

(f) The creation or maintenance of a public nuisance.

(2) The Licensing Official's denial of a license application or revocation of a license is a final action that is not subject to any further administrative remedy. The only legal remedy available to appeal the Licensing Official's action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure Section [1085](#).

(3) If an application for an original or renewal license is denied, or if a license is revoked, all operations associated with the retailer shall cease immediately, subject to the following exception:

If the applicant or operator is currently operating a retail business, and the applicant or operator files a petition with the superior court challenging the Licensing Official's denial or revocation decision within 30 days of the date the decision is issued, the applicant or operator may continue to operate the retail business for 90 days from the date the Licensing Official's decision was issued. Any retail business operations that occur after the 90 days has elapsed may only be conducted with a valid local license.

(4) Under no circumstances shall a cause of action for monetary damages be allowed against the County of Santa Cruz, the Licensing Official, or any County employee as a result of a denial or a revocation of a license.

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