Resolution No.

Resolution of the Monterey County Board of Supervisors)
to:)
(a) Approve the Joint Exercise of Powers Agreement)
establishing the California Cannabis Authority;)
(b) Authorize the Board of Supervisors to execute the)
Joint Exercise of Powers Agreement on behalf of the)
County of Monterey; and)
(c) Appoint a County representative to serve as a)
member of the Authority's Board of Directors and)
two representatives to serve as alternates.)

WHEREAS, in November 2016, California voters approved Proposition 64, the Adult Use of Marijuana Act ("AUMA"). AUMA decriminalized the cultivation, possession, and use of cannabis for non-medical purposes for adults 21 years of age and older. Beginning on January 1, 2018, AUMA also decriminalizes the sale and distribution of cannabis within a robust tax and regulatory scheme anchored by a "track and trace" system that cultivators, manufacturers, testers, distributors and dispensaries will be required to adhere in order to participate in the cannabis market; and

WHEREAS, in June 2017, the legislature approved, and the Governor signed SB 94 which conformed the Medical Cannabis Regulation and Safety Act and AUMA into a single system of state regulation and tax collection to improve consumer and public safety. Despite AUMA's robust state regulatory and taxing regime, local governments play a significant front-line role in regulating cannabis commerce in their communities; and

WHEREAS, notwithstanding California's decision to decriminalize commercial cannabis activities within robust regulatory and tax regimes, cannabis remains an illegal, Schedule 1 controlled substance under federal law. Consequently, banks and other financial institutions are hesitant to provide services to cannabis businesses, notwithstanding the number of states which have legalized some form of its use; and

WHEREAS, the lack of access to banks and other financial institutions means most cannabis commerce is conducted in cash. Cash businesses are notoriously more difficult to regulate and create significant public safety risks for state and local public safety officials, regulators, as well as those individuals and businesses engaged in commercial cannabis transactions. Moreover, the potential for tens of billions of dollars in commerce creates an irresistible allure for predatory business practices and increased opportunities for laundering and other illegal activities; and

WHEREAS, in order to strictly control the cultivation, processing, manufacturing, distribution, testing, and sale of cannabis in a transparent manner that allows state and local governments to fully implement and enforce a robust regulatory system, licensing authorities must have access to current, comprehensive data that not only identifies those individuals and entities engaged in cannabis commerce, but their transacting of cannabis business in the state as well; and

WHEREAS, the County shares with the state and other local governments a pressing need to coordinate an unprecedented growth of cash deposits in the short term, a need for

comprehensive data regarding cannabis business activities and cannabis transactions in the short and long term, and a desire to effectively coordinate and implement robust regulatory oversight and tax regimes as well as reduce the burden on financial institutions to provide enhanced due diligence for cannabis customers; and

WHEREAS, a statewide joint powers authority entitled "California Cannabis Authority" (hereinafter "CCA") has been established pursuant to the Joint Exercise of Powers Act (California Gov. Code section 6500 *et seq.*) as a cooperative effort among counties to facilitate state and local regulatory and tax programs of cannabis activities; and

WHEREAS, the County is a public agency qualified to become a Member of the CCA by signing a counterpart to the CCA Joint Exercise of Powers Agreement ("Agreement") and furnishing CCA with satisfactory evidence that such actions have been taken, as well as by adopting conforming changes to County ordinances necessary to implement the Agreement; and

WHEREAS, the County has determined that management of the tax administration, cash collection, data collection, analysis and sharing, and other regulatory activities related to cannabis will be enhanced by joining as a member of the CCA and participating in the exchange of services, funding and information in the form and manner as provided in the CCA Bylaws.

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Monterey does hereby:

- 1. Approve the Joint Exercise of Powers Agreement, attached hereto as Exhibit A, to join the California Cannabis Authority.
- 2. Authorize and direct the Chair of the Board of Supervisors to execute the Agreement on behalf of the County of Monterey, which will establish the County as a member of the CCA.
- 3. Appoint a primary representative of the County, to serve as a member of the Board of Directors of the CCA ("Authorized Representative"), and two representatives to serve as alternates.
- 4. Authorize and direct the Authorized Representative and all other proper officers and officials of the County to execute such other agreements, documents and certificates, and to perform such other acts and deeds, as may be necessary or convenient to achieve the purposes of this Resolution and the transactions herein authorized.
- 5. Direct that any fee paid to the CCA be defrayed by a fee charged to cannabis related businesses to cover the cost. Such fee shall be established by the Board of Supervisors at a later date.
- 6. The Clerk of the Board shall forward a certified copy of this Resolution and an originally executed Agreement to:

Cara Martinson California Cannabis Authority 1100 K Street Sacramento, California 95814

7. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED on this _____ day of _____ 2018 by the following vote, to wit:

AYES:

NOES:

ABSENT:

I, Nicholas E, Chiulos, Assistant County Administrative Officer, Acting Clerk to the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof Minute Book_____ for the meeting on_____. Dated:

Nicholas E, Chiulos, Assistant County Administrative Officer, Acting Clerk of the Board of Supervisors County of Monterey, State of California By______

Deputy