

INSTRUCTION SHEET

CONDITIONAL ADULT USE DISPENSING ORGANIZATION LICENSE – APPLICATION FORM

*******NOTICE REGARDING APPLICATION QUESTIONS*******

Applicants are encouraged to submit written questions to the Division regarding the application, application materials, or application process. The Division will post the questions it receives and the Division's responses on two dates. The first round of responses, for questions received by the Division by 5 p.m. on October 15, 2019, will be posted by 5 p.m. on October 25, 2019. The second round of responses, for questions received by 5 p.m. on November 15, 2019, will be posted by 5 p.m. on November 25, 2019. The Division will redact the questioner's identity from the posted question and answer. The Division will not respond to non-written questions or questions submitted after November 15.

Questions may be submitted to: FPR.AdultUseCannabis@Illinois.gov

Answers will be posted on the Division's website: <https://www.idfpr.illinois.gov/profs/adultusecan.asp>

An applicant for a Conditional Adult Use Dispensing Organization License must complete this application and submit it to the Illinois Department of Financial and Professional Regulation, Division of Professional Regulation ("Division"). Please review the Cannabis Regulation and Tax Act (the "Act") (410 ILCS 705) <http://ilga.gov/legislation/publicacts/101/PDF/101-0027.pdf> and the information in this application carefully before submitting it.

To apply, an applicant must hand deliver a complete Conditional Adult Use Dispensing Organization License application and submit a non-refundable application fee in the amount of \$5,000 or, if the applicant qualifies as a Social Equity Applicant, a non-refundable application fee in the amount of \$2,500, at the address listed below:

**Illinois Department of Financial and Professional Regulation
Cannabis Control Section
100 W. Randolph - 9th Floor
Chicago, Illinois 60601**

APPLICATIONS WILL BE ACCEPTED BEGINNING DECEMBER 10, 2019, AT 9:30 A.M. THE DEADLINE FOR SUBMITTING AN APPLICATION IS 12:00 NOON ON JANUARY 2, 2020. APPLICATIONS WILL BE ACCEPTED FROM ANY APPLICANT WHO IS PHYSICALLY PRESENT IN LINE AT THE TIME OF THE DEADLINE.

The application fee must be in the form of a cashier's check or money order payable to "Illinois Department of Financial and Professional Regulation." If the applicant is applying in a Bureau of Labor Statistics Region ("BLS Region") in which more than one license is available, it may indicate on the application form how many licenses it is applying for with a single application. If the applicant is attempting to obtain more than one Conditional Adult Use Dispensing Organization License in a BLS Region, it must submit an application fee for each desired license, but it may pay all application fees with a single cashier's check or money order. A separate cashier's check or money order is necessary for each BLS Region in which the applicant is applying.

Applications must be submitted in 9" x 12" clasped, but not sealed, manila envelopes. The exterior of the envelope must include: (1) the name of the applicant; (2) the name of the BLS Region in which the applicant is applying; (3) the number of licenses the applicant is applying for in the listed BLS Region; (4) the name of the applicant's primary and alternate contact; (5) a phone number for the primary and alternate contact; and (6) an e-mail address for the primary and alternate contact. The following items must be inside the envelope: (1) the completed Application Form; (2) the cashier's check or money order for the application fee; (3) a photocopy of the cashier's check or money order; and (4) a USB drive that has affixed to it a label that includes the applicant's name and the BLS Region in which the Applicant is applying. Applications for separate BLS Regions must be submitted in separate envelopes.

Additional copies of this form can be downloaded from the IDFPR Web site at www.idfpr.illinois.gov.

Application exhibits must not exceed the page limit restrictions provided for in the application. All exhibits must be labeled with the exhibit letter and title.

The names of the BLS Regions can be found in Section 15-25(c) of the Act. A list of counties in each BLS Region can be found at the following link: https://www.bls.gov/oes/current/msa_def.htm#14010

The USB drive must contain electronic versions of the Application Form and exhibits in PDF format except the proposed floor plan required by Exhibit J, which may be provided in .png format. The USB must contain separate files for each exhibit and the Application Form. The files shall be named: "Application Form," "Exhibit A," "Exhibit B," "Exhibit C," etc. No other words may be added to the exhibit file names.

All information provided by the applicant shall be anonymous, except for the information contained in the Application Form, Exhibit A, Exhibit B, Exhibit C, Exhibit O, Exhibit P, Exhibit S, and Exhibit T.

If the Division receives an application that is deficient in any respect, the Division will issue a deficiency notice via e-mail to the primary and alternate contacts identified on the application form. The applicant will have **10 calendar days** from the date the deficiency notice is sent to submit the information requested. If the applicant does not provide all required information necessary to make its application complete within the allotted time, the application will be rejected and not considered for a license, and the application fee will not be returned.

Application Exhibits: All exhibits must be labeled with the exhibit letter and title. Exhibits are mandatory unless otherwise stated. DO NOT submit materials not requested by this application, such as cover letters or mission statements. An application submitted without all mandatory exhibits will be deemed incomplete.

- Exhibit A – Photocopy of the Non-Refundable Application Fee
- Exhibit B – Principal Officer Application Form(s)
- Exhibit C – Business Entity Operating Agreement, By-Laws, or Articles of Incorporation and Table of Organization, Ownership and Control
- Exhibit D – Dispensing Organization Agent Training and Education
- Exhibit E – Purchaser Education Plan
- Exhibit F – Business Plan
- Exhibit G – Recalls, Quarantine, and Destruction Plan
- Exhibit H – Security Plan
- Exhibit I – Inventory Monitoring and Recordkeeping Plan
- Exhibit J – Proposed Floor Plan
- Exhibit K – Operating Plan
- Exhibit L – Plan for Community Engagement
- Exhibit M – Diversity Plan
- Exhibit N – Anonymous Knowledge and Experience of Principal Officers
- Exhibit O – Financial Information
- Exhibit P – Evidence of Status as a Social Equity Applicant, if applying as a Social Equity Applicant
- Exhibit Q – Labor and Employment Practices Plan (optional)
- Exhibit R – Environmental Plan (optional)
- Exhibit S – Evidence of Status as an Illinois Owner (optional)
- Exhibit T – Evidence of Status as a Veteran (optional)

IMPORTANT NOTICE: Completion of this form is necessary for consideration for a license.

FOR OFFICIAL USE ONLY

ILLINOIS DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

Tracking Number: _____

CONDITIONAL ADULT USE DISPENSING ORGANIZATION LICENSE APPLICATION

Total Points: _____

General Information (All information is required unless otherwise noted.)

1. BLS REGION IN WHICH THE PROPOSED DISPENSING ORGANIZATION PLANS TO LOCATE (NAME ONLY ONE BLS REGION):

2. THE TOTAL NUMBER OF LICENSES FOR WHICH THE APPLICANT IS APPLYING IN THE BLS REGION WITH THIS APPLICATION:

3. PROPOSED DISPENSING ORGANIZATION BUSINESS NAME:

4. PROPOSED DISPENSING ORGANIZATION PRINCIPAL PLACE OF BUSINESS (P.O. BOX IS NOT PERMITTED):

5. PROPOSED DISPENSING ORGANIZATION MAILING ADDRESS (IF DIFFERENT FROM PRINCIPAL PLACE OF BUSINESS):

6. PROPOSED DISPENSING ORGANIZATION BUSINESS FEIN:

7. PROPOSED DISPENSING ORGANIZATION SALES TAX ACCOUNT ID (OPTIONAL):

8. PROPOSED DISPENSING ORGANIZATION PRIMARY CONTACT NAME, TITLE, ADDRESS, EMAIL, AND TELEPHONE NUMBER:

9. PROPOSED DISPENSING ORGANIZATION ALTERNATE CONTACT NAME, TITLE, ADDRESS, EMAIL, AND TELEPHONE NUMBER:

10. IS THE APPLICANT APPLYING AS A SOCIAL EQUITY APPLICANT? YES NO

11. IF APPLYING AS A SOCIAL EQUITY APPLICANT, PLEASE SELECT ALL CRITERIA UNDER WHICH THE APPLICANT QUALIFIES:

THE APPLICANT IS AN ILLINOIS RESIDENT AND IS AT LEAST 51% OWNED AND CONTROLLED BY ONE OR MORE INDIVIDUALS WHO HAVE RESIDED FOR AT LEAST 5 OF THE PRECEDING 10 YEARS IN A "DISPROPORTIONATELY IMPACTED AREA"

THE APPLICANT IS AN ILLINOIS RESIDENT AND IS AT LEAST 51% OWNED AND CONTROLLED BY ONE OR MORE INDIVIDUALS WHO HAVE BEEN ARRESTED FOR, CONVICTED OF, OR ADJUDICATED DELINQUENT FOR ANY OFFENSE MADE ELIGIBLE FOR EXPUNGEMENT BY PUBLIC ACT 101-0027

THE APPLICANT IS AN ILLINOIS RESIDENT AND IS AT LEAST 51% OWNED AND CONTROLLED BY ONE OR MORE INDIVIDUALS WHO HAS HAD A PARENT, LEGAL GUARDIAN, CHILD, SPOUSE, DEPENDENT, OR WAS A DEPENDENT OF AN INDIVIDUAL WHO, PRIOR TO JUNE 25, 2019, WAS ARRESTED FOR, CONVICTED OF, OR ADJUDICATED DELINQUENT FOR ANY OFFENSE MADE ELIGIBLE FOR EXPUNGEMENT BY PUBLIC ACT 101-0027

THE APPLICANT IS AN ILLINOIS RESIDENT WITH A MINIMUM OF 10 FULL-TIME EMPLOYEES AND AT LEAST 51% OF THOSE EMPLOYEES (i) CURRENTLY RESIDE IN A "DISPROPORTIONATELY IMPACTED AREA", (ii) HAVE BEEN ARRESTED FOR, CONVICTED OF, OR ADJUDICATED DELINQUENT FOR ANY OFFENSE MADE ELIGIBLE FOR EXPUNGEMENT BY PUBLIC ACT 101-0027, OR (iii) HAVE HAD A PARENT, LEGAL GUARDIAN, CHILD, SPOUSE, DEPENDENT, OR WAS A DEPENDENT OF AN INDIVIDUAL WHO, PRIOR TO JUNE 25, 2019, WAS ARRESTED FOR, CONVICTED OF, OR ADJUDICATED DELINQUENT FOR ANY OFFENSE MADE ELIGIBLE FOR EXPUNGEMENT BY PUBLIC ACT 101-0027

Mandatory Registration Exhibits: All exhibits must be labeled with the exhibit letter and title.
Number each page.

Exhibit A – Photocopy of Non-Refundable Application Fee

Exhibit B – Principal Officer Application Form(s)

Each proposed principal officer for the applicant must complete the Application for Proposed Principal Officer of an Adult Use Dispensing Organization, which can be found on the Division's website at:

<https://www.idfpr.illinois.gov/forms/AUC/F2379po.pdf>

Exhibit C – Table of Organization, Ownership and Control and Business Operating Agreements

PAGE LIMIT: none

Provide a Table of Organization, Ownership and Control reflecting the structure of the proposed dispensing organization. The Table of Organization, Ownership and Control must identify all proposed principal officers and business entities that through direct or indirect means, manage, own or control the interests and assets of the license holder.

The Table of Organization, Ownership and Control shall also identify the following:

- a) The management structure including:
 - i) the office or position to be held by each individual;
 - ii) the percentage ownership interest of each individual or business entity;
 - iii) if the business entity has one or more parent companies, the name of each parent company, the names of the parent company principal officer(s), and their percentage ownership interest in the parent company. Section iii must be completed for each level of ownership of the licensee until all persons that, through direct or indirect means, manage, own, or control the licensee are identified; and
 - iv) if the licensee is partially owned or controlled by another entity, it must disclose to the Division the terms of the relationship and all owners, board members, officers or individuals with control or management of the owning or controlling entities.
- b) If a business entity identified in the Table is a publicly traded company, the following information shall be provided:
 - i) The name and percentage of ownership of each individual or business entity that owns or controls more than 5 percent of the voting shares of the entity;
 - ii) To the extent known, the names and percentage of ownership or control by persons who are related and who together own or exercise control over more than 10 percent of the voting shares of the entity;
- c) If a business entity identified in the Table is a limited liability company, provide a copy of the current Articles of Organization and operating agreements and a list of all persons or business entities holding an ownership interest;
- d) If a business entity identified in the Table is a corporation, provide a copy of the current Articles of Incorporation and corporate resolutions and a list of all persons or business entities holding an ownership interest;
- e) If a business entity identified in the Table is an unincorporated association, organization or not-for-profit organization, provide documents or agreements reflecting its current ownership, profit sharing and liability structure;
- f) If a business entity identified in the Table is a partnership, provide a copy of current partnership or joint venture documents. If there is no written agreement, provide a statement signed by all partners affirming there is no agreement.

Exhibit D – Dispensing Organization Agent Training and Education

PAGE LIMIT: 15 Pages

Provide a plan that describes the training and education that will be provided to dispensing organization employees. Such plan must, at a minimum demonstrate that employees will: (i) understand the rules and laws to be followed by dispensing organization employees, (ii) have knowledge of any security measures and operating procedures of the dispensing organization, and (iii) be able to advise purchasers on how to safely consume cannabis and use individual products offered at the dispensary.

Exhibit E – Purchaser Education Plan

PAGE LIMIT: 10 Pages

Provide a plan that describes how the proposed dispensing organization will provide: (i) education on whether possession of cannabis is illegal under federal law, (ii) current educational information issued by the Illinois Department of Public Health about the health risks associated with the use or abuse of cannabis, (iii) information about possible side effects; (iv) notice of the prohibition on smoking cannabis in public places; and (v) any other appropriate purchaser education or support materials.

Exhibit F – Business Plan

PAGE LIMIT: 30 Pages

Provide a plan that describes, at a minimum, how the dispensing organization will be managed on a long-term basis. This shall include: (i) a description of the proposed dispensing organization's point-of-sale system, (ii) how the proposed dispensing organization will process customer purchases and dispense cannabis, (iii) how it will track denials of sale, (iv) how it will maintain confidentiality of purchasers, (v) products and services to be offered, and (vi) a plan to ensure the proposed dispensing organization will maintain compliance with all applicable laws and administrative rules. The plan must also include the estimated volume of cannabis the proposed dispensing organization plans to store at the dispensary.

Exhibit G – Recall, Quarantine, and Destruction Plan

PAGE LIMIT: 10 Pages

Provide a plan that describes the: (i) recall practices, (ii) quarantine practices; and (iii) destruction practices for the proposed dispensing organization.

Exhibit H – Security Plan

PAGE LIMIT: 50 Pages, not including a copy of a contract with a licensed private security contractor.

Provide a plan that, at a minimum: (i) accounts for the prevention of theft or diversion of cannabis, (ii) demonstrates safety procedures for dispensing organization agents and purchasers, (iii) establishes procedures, equipment, and designs that provide for the safe delivery and storage of cannabis currency, and (iv) demonstrates that all security procedures, equipment, and designs are and will be kept compliant with all applicable laws and administrative rules, including and in particular those set forth in Section 15-100 of the Act .

Provide a copy of a contract with a private security contractor licensed under Section 10-5 of the Private Detective, Private Alarm, Private Security, Fingerprint, Vendor, and Locksmith Act of 2004 (225 ILCS 447/10-5).

Exhibit I – Inventory Monitoring and Recordkeeping Plan

PAGE LIMIT: 15 Pages

Provide a plan that demonstrates how the applicant will monitor purchases and denials of sale. This plan must also include, at a minimum: (i) the applicant's strategy to communicate with the Division and the Illinois State Police on the destruction and disposal of cannabis, (ii) how the applicant will comply with the Act and rules, including and in particular Section 15-75 of the Act; (iii) how the applicant will comply with the Act and rules regarding recordkeeping, including and in particular Section 15-110 of the Act, and (iv) how the applicant will maintain quality control over these processes.

Exhibit J – Proposed Floor Plan

PAGE LIMIT: 10 Pages (electronic copies of documents for this Exhibit may be submitted in .png format)

NOTE: An applicant is not required to have identified or secured a location before completing Exhibit J or submitting this application. No extra points will be awarded to applicants that have identified or secured locations before submitting this application.

Provide a proposed floor plan that includes: (i) the layout and estimated square footage the applicant plans to use for the dispensary, and (ii) a description of the proposed security devices, including, without limitation, cameras, motion detectors, servers, video storage capabilities, and alarm service providers. The proposed floor plan must: (i) demonstrate the applicant is familiar with all applicable legal requirements, (ii) be suitable for public access, (iii) promote safe dispensing of cannabis, (iv) be compliant with the Americans with Disabilities Act; (v) be compliant with the Environmental Barriers Act, and (vi) facilitate safe product handling and storage.

Exhibit J shall also include a reasonable assurance that the issuance of a license will not have a detrimental impact on the community in which the applicant wishes to locate.

The proposed floor plan shall, at a minimum, show and identify:

1. Layout and square footage of each room;
2. Name and function of each room;
3. The location and details of any signage or information required by law to be posted in the dispensary;
4. A detailed description of the features that will provide accessibility to purchasers as required by the Americans with Disabilities Act;
5. A description of the air treatment system that will be installed to reduce odors;
6. A description of the enclosed, locked facility where cannabis will be stored by the dispensing organization;
7. Doorways or pathways between rooms;
8. Means of ingress and egress;
9. Location of restricted access areas;
10. Location of cannabis storage areas while the dispensary is open for business;
11. Location of cannabis storage areas while the dispensary is closed for business;
12. Location of the sink and refrigerator, if any;
13. Location of all safes or vaults that will be used to store cannabis, cannabis products or currency;
14. Dimension of all safes or vaults that will be used to store cannabis, cannabis products or currency;
15. Location of each computer and cash register used for point of sale;
16. Location of each toilet facility;
17. Location of a break room and personal storage lockers, if any;
18. Location of each video camera; and
19. Location of each panic button and glass break.

Exhibit K – Operating Plan

PAGE LIMIT: 40 Pages

Provide an operating plan that describes, at a minimum: (i) the day-to-day operations of the proposed dispensing organization and (ii) a staffing plan for the dispensing organization, including the percentage of full-time employees who will be paid a living wage.

NOTE: Please include descriptions of plans to provide codes of conduct, health care benefits, educational benefits, retirement benefits, living wage standards, or labor peace agreements as part of Exhibit Q, not this Exhibit.

Exhibit L – Plan for Community Engagement

PAGE LIMIT: 10 Pages per plan

Provide a plan for community engagement. The applicant may demonstrate a desire to engage with its community by participating in one or more of, but not limited to, the following actions: (i) the establishment of an incubator program designed to increase participation in the cannabis industry by persons who would qualify as Social Equity Applicants, (ii) providing financial assistance to substance abuse treatment centers, (iii) educating children and teens about the potential harms of cannabis use, or (iv) other measures demonstrating a commitment to the applicant's community. A plan for community engagement will only be scored and a maximum of two (2) bonus points awarded for Exhibit L if the applicant's point total is tied with one or more applicants for the last Conditional Adult Use Dispensing Organization License to be awarded in a BLS Region.

Exhibit M – Diversity Plan

PAGE LIMIT: 2,500 words

Provide a narrative of **not more than 2,500 words** that establishes a goal of diversity in ownership, management, employment, and contracting to ensure that diverse participants and groups are afforded equality of opportunity.

Exhibit N – ANONYMOUS Knowledge and Experience of Principal Officers

PAGE LIMIT: 3 Pages for each proposed principal officer

Provide an anonymized document or résumé for each proposed principal officer, including whether the proposed principal officer has an academic degree, certification, or relevant experience with a cannabis business establishment or in a related industry. The applicant's proposed principal officers must demonstrate experience and qualifications in business management or experience with the cannabis industry. This includes ensuring optimal safety and accuracy in the dispensing and sale of cannabis. The applicant's proposed principal officers must demonstrate knowledge of various cannabis product strains or varieties and describe the types and quantities of products planned to be sold. This includes confirmation of whether the applicant plans to sell cannabis paraphernalia or edible products. Knowledge and experience may be demonstrated through experience in other comparable industries that reflect on the proposed principal officer's ability to operate a cannabis business establishment.

Exhibit O – Financials

PAGE LIMIT: None

Provide a statement, and any supporting documentation you wish to provide, attesting that if granted a license the applicant will have access to sufficient funds to own and operate an adult use cannabis dispensing organization.

Exhibit P – Evidence of Status as a Social Equity Applicant (Optional)

PAGE LIMIT: none

If the applicant wishes to apply as a Social Equity Applicant, provide evidence of Social Equity Applicant status. Evidence of status as a Social Equity Applicant may be established by providing:

1. Evidence of the applicant's status as an "Illinois resident" as demonstrated by incorporation documents, or, if applying as an individual, at least two of the following: (i) a signed lease agreement that includes the applicant's name, (ii) a property deed that includes the applicant's name, (iii) school records, (iv) voter registration card, (v) an Illinois driver's license, ID card, or a Person with a Disability ID card, (vi) a paycheck stub, (vii) a utility bill, or (viii) any other proof of residency or other information necessary to establish residence. A person must have been domiciled in the state for a period of 30 days to be an "Illinois resident" as used in this application; **and**
2. Evidence the person or persons owning and controlling more than 51% of the proposed dispensing organization have lived in a Disproportionately Impacted Area for 5 of the preceding 10 years as demonstrated by, but not limited to, tax filings, voter registrations, leases, mortgages, paycheck stubs, utility bills, insurance forms, or school records that include the qualifying principal officers' names on them; or

Exhibit P – Evidence of Status as a Social Equity Applicant (Optional) (Continued)

PAGE LIMIT: none

3. Evidence the person or persons owning and controlling more than 51% of the proposed dispensing organization have been arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by Public Act 101-0027. If the arrest, conviction, or adjudication has been sealed or expunged, provide records of such action; or
4. Evidence the person or persons owning and controlling more than 51% of the proposed dispensing organization has had a parent, legal guardian, child, spouse, dependent, or was a dependent of an individual who prior to June 25, 2019, was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by Public Act 101-0027. If the arrest, conviction, or adjudication has been sealed or expunged, provide records of such action. The applicant must also provide evidence of the relationship between the applicant's principal officer or officers and the person who was arrested for, convicted of, or adjudicated delinquent for any offense made eligible for expungement by Public Act 101-0027; or

The following paragraph was amended on October 11, 2019

5. Evidence that the applicant employs 10 or more full-time employees, and evidence that 51% or more of those employees (1) currently reside in a Disproportionately Impacted Area; (2) have been arrested for, convicted of, or adjudicated delinquent for any offense that is eligible for expungement under Public Act 101-0027; or (3) are members of an "impacted family" as that term is defined in Public Act 101-0027. The applicant must provide evidence as described above for each employee. The applicant shall also provide evidence the employees were engaging in full time work as of the date the application was submitted. If employee information or employment status of employees changes before licenses are awarded, the applicant has a duty to notify the Division of the change in employee information or status.

Exhibit Q – Labor and Employment Practices Plan (Optional)

PAGE LIMIT: 10 pages, not including a copy of a labor peace agreement statement or attestation

Describe plans to provide a safe, healthy, and economically beneficial working environment for its agents, including, but not limited to, codes of conduct, health care benefits, educational benefits, retirement benefits, living wage standards, and entering labor peace agreements with employees.

Exhibit R – Environmental Plan (Optional)

PAGE LIMIT: 5 pages

Demonstrate an environmental plan of action to minimize the carbon footprint, environmental impact, and resource needs for the dispensary, which may include, without limitation, recycling cannabis product packaging.

Exhibit S – Evidence of Status as an Illinois Owner (Optional)

PAGE LIMIT: none

Provide evidence the applicant is 51% or more owned and controlled by a person or persons who are Illinois residents and can prove residency in each of the past 5 years with tax records.

Exhibit T – Evidence of Status as a Veteran (Optional)

PAGE LIMIT: none

Demonstrate the applicant is 51% or more owned and controlled by a person or persons who meet the qualifications of a "veteran" as provided by Section 45-57 of the Illinois Procurement Code. 30 ILCS 500/45-57. Such status may be demonstrated by submitting a DD Form 214.