

ORDINANCE NO. 2017-02

AN ORDINANCE TO AMEND ORDINANCE NO. 2017-01 OF THE CITY OF READING TO ADD SUBSECTIONS 4 AND 5 TO SECTION V OF THE ORDINANCE TO PROVIDE FOR PROCEDURES FOR THE REQUIREMENTS FOR APPLICATIONS FOR MEDICAL MARIHUANA FACILITIES LICENSES AND FOR THE EVALUATION OF APPLICATIONS FOR MEDICAL MARIHUANA FACILITIES LICENSES, AND TO AMEND SUBSECTIONS 3 AND 4 OF SECTION III OF ORDINANCE NO. 2017-01 TO MAKE THE PROVISIONS CONSISTENT WITH THE LICENSE APPLICATION EVALUATION AND APPROVAL PROCEDURES ADOPTED HEREIN.

THE CITY OF READING ORDAINS THAT:

Ordinance No. 2017-01 of the City of Reading is hereby amended to add subsections 4 and 5 to SECTION V of the Ordinance, providing as follows:

4. Applications for a marihuana facility license under this Ordinance shall be subject to the following:

a) After submission to the Clerk of a fully-completed initial application for the issuance of a new license, and departmental verification as provided for in subsection c) below, the application shall be reviewed and evaluated by the Planning Commission, which shall make a recommendation for or against approval of the application to the City Council, and the City Council shall thereafter consider and either approve or reject the application. Approval of the application by the City Council shall result in a conditional authorization in favor of the applicant, pursuant to Section III of this ordinance. Upon the submission to the Clerk of a fully-completed application for the renewal of an existing marihuana facility license, the license will be submitted to and automatically renewed by City Council for one (1) year upon verification that:

1. there are no uncured administrative violations in the prior year;
2. the applicant has paid the annual licensing fee for the renewal period;
3. any Stakeholder changes have been fully disclosed to City;
4. the applicant has paid and received the renewal of its state license; and

5. at the time of renewal the licensed facility is in material compliance with all applicable state and local statutes, ordinances, codes, and regulations.

b) An application for a marihuana facility license pursuant to this ordinance shall contain the following:

1. The required application fee;
2. If the applicant is an individual, the applicant's name, date of birth, physical address, copy of government issued photo identification, email address, and one or more phone numbers, including emergency contact information;
3. If the applicant is not an individual, the names, dates of birth, physical addresses, copy of government issued photo identification, email addresses, and

one or more phone numbers for each partner/shareholder/member or other individual with an ownership or equity interest in the applicant organization (each being a "Stakeholder"), including designation of the highest ranking Stakeholder as an emergency contact person along with emergency contact information for the emergency contact person. The organization shall also provide copies of its formation documents (including, but not limited to, its articles of association/organization, partnership agreement, corporate by-laws, operating agreement, etc.), any assumed name registration documents, Internal Revenue Service SS-4 EIN confirmation letter, or such other documents relating to the ownership, management, structure, and operation of the organization as may be deemed relevant to the application in the City's reasonable discretion.

4. The name and address of the proposed marihuana facility and any additional contact information deemed necessary by the City Clerk;

5. For an individual applicant, or for each Stakeholder of an organizational applicant, an affirmation under oath as to whether they are at least eighteen (18) years of age and have never been indicted for, charged with, arrested for, convicted of, pled guilty or nolo contendere to, forfeited bail concerning, or had expunged, any criminal offense under the laws of any jurisdiction for either a felony involving a controlled substance or a related misdemeanor, not including traffic violations, regardless of whether the offense has been expunged, pardoned, reversed on appeal or otherwise (a "Disclosable Event"). For any such Disclosable Event, the applicant shall include: the date of the event; the name and location of the court, arresting agency, and prosecuting agency; the case caption, docket number, citation number, or file number, if any; the nature of the offense; and the disposition, including the location and length of any incarceration.

6. A signed release authorizing the City of Reading Police Department to perform a criminal background check on the applicant, each Stakeholder of the applicant, and each employee of the applicant;

7. The name, date of birth, physical address, copy of photo identification, and email address for any current or prospective employee of the proposed marihuana facility, if other than the applicant or a Stakeholder;

8. An affirmation under oath as to whether the applicant has ever applied for or has been granted any commercial license or certificate issued by a licensing authority in Michigan or any other jurisdiction that has been denied, restricted, suspended, revoked, or not renewed and a statement describing the facts and circumstances concerning the application, denial, restriction, suspension, revocation, or nonrenewal, including the licensing authority, the date each action was taken, and the reason for each action;

9. One of the following: (a) proof of ownership of the entire premises wherein the proposed marihuana facility is to be operated; or (b) written consent from

the property owner for use of the premises in a manner requiring licensure under this Ordinance along with a copy of the lease for the premises;

10. Proof of an adequate premises liability and casualty insurance policy in the amount not exceeding the requirements addressed in the Michigan Medical Marihuana Facilities Licensing Act or other applicable state laws, covering the marihuana facility and naming the City as an additional insured party, available for the payment of any damages arising out of an act or omission of the applicant or any Stakeholders, agents, employees, or contractors;

11. A description of the security plan for the marihuana facility, including, but not limited to, any lighting alarms, barriers, recording/monitoring devices and/or security guard arrangements proposed for the facility and premises. The security plan must contain the specification details of each piece of security equipment;

12. A floor plan of the proposed marihuana facility, as well as a scale diagram illustrating the property upon which the marihuana facility is to be operated, including all available parking spaces, and specifying which parking spaces, if any, are handicapped accessible;

13. An affidavit that neither the applicant nor any Stakeholder of the applicant is in default to the City. The affidavit shall specifically state that the individual applicant or each Stakeholder of an organizational applicant has not failed to pay any property taxes, special assessments, fines, fees, or other financial obligations owed to the City;

14. An affidavit that the transfer of marihuana to and from the proposed marihuana facilities shall be in compliance with the Michigan Medical Marihuana Act, the Medical Marihuana Facilities Licensing Act, and all other applicable state and local statutes, ordinances, codes, rules, and regulations.

15. A staffing plan for the proposed marihuana facility;

16. Any proposed text or graphical materials to be shown on the exterior of the proposed marihuana facility;

17. A patient education plan if the application is for a provisioning center license;

18. A business plan for the proposed marihuana facility;

19. A location area map of the proposed marihuana facility and surrounding area that identifies the relative locations and the distances (closest property line to the subject marihuana facility's building) of the proposed marihuana facility to the closest real property comprising a public or private elementary, vocational or secondary school; or library;

20. A facility sanitation plan to protect against any Marihuana being ingested by any person or animal, indicating how the waste will be stored and disposed of, and how any Marihuana will be rendered unusable upon disposal. Disposal by on-site burning or introduction in the sewerage system is prohibited;

21. Verification, with copies of actual bank statements, showing that the applicant has liquid funds in the applicant's name in the amount needed to complete the marihuana facility, but in no event less than the amount required by the State of Michigan for the issuance of a state marihuana facility license;

22. If the application is for a Grower Facility, the following additional items shall be provided:

i. A Grower Plan that includes at a minimum a description of the grower methods to be used, including plans for the growing mediums, treatments and/or additives;

ii. A production testing plan that includes at a minimum a description of how and when samples for laboratory testing by a state approved Safety Compliance Facility will be selected, what type of testing will be required, and how the test results will be used;

iii. An affidavit that all operations will be conducted in conformance with the Michigan Medical Marihuana Act, the Medical Marihuana Facilities Licensing Act, and all other applicable state and local statutes, ordinances, codes, rules, and regulations, and that the applicant shall not cultivate on the premises of the proposed grower facility at any one time more than the permitted number of marihuana plants for the type of facility licensed; and

iv. A chemical and pesticide storage plan that states the names of pesticides and chemicals to be used in the growing operations and where and how any such pesticides and chemicals will be stored in the facility, along with a plan for the disposal of any unused pesticides and chemicals.

c) Upon receipt by the Clerk of a completed application meeting the requirements of this Ordinance and confirmation by the Clerk that the number of existing licenses does not exceed the maximum number permitted by this ordinance, the Clerk shall provide a copy of the application to each of the following for their review and approval: the City of Reading Police Department; the Reading Fire Department; the City Code Enforcement Officer or their designee; the City Zoning Administrator or similar City official; and the City Treasurer or their designee, which shall each determine whether the application appears sufficiently complete and comprehensive, and for review and approval as provided in subsection d) below. Upon verification by each such official that the application appears to be sufficiently complete and comprehensive and upon the written approval of compliance required by subsection d) below, and no sooner, the City Clerk shall forward

the applications to the Planning Commission for review and recommendation to the City Council.

d) No application for an initial marihuana facility license shall be approved unless:

1. The Reading Fire Department and the Code Enforcement Officer or their designee, have each inspected the plans of the proposed marihuana facility location for compliance with all laws for which they are charged with enforcement;
2. An individual applicant, or each Stakeholder of an organizational applicant, and all employees of the applicant, have passed a criminal background check conducted by the City of Reading Police Department;
3. The Zoning Administrator, or similar City official, has confirmed that the proposed location complies with the City's Zoning Ordinance; and
4. The City Treasurer or their designee has confirmed that the applicant and each Stakeholder of the applicant are not in default to the City.

e) If an applicant for a new or renewal license becomes aware of a material change in any information provided in an application, the applicant shall report the change in the information to the City Clerk within ten (10) days of becoming aware of the change.

5. Applications for a license for a marihuana facility pursuant to this ordinance shall be evaluated consistent with the following:

a) Each application shall be reviewed and assessed with regard to each of the following categories:

1. The applicant's experience in operating other similarly licensed businesses.
2. The applicant's general business management experience.
3. The applicant's general business reputation.
4. The applicant or Stakeholders' integrity, moral character, and reputation; personal and business probity; financial ability and experience; and responsibility or means to operate or maintain a marihuana facility.
5. The financial ability of the applicant to purchase and maintain adequate liability and casualty insurance.
6. The sources and total amount of the applicant's capitalization to operate and maintain the proposed marihuana facility.
7. Whether the applicant has been indicted for, charged with, arrested for, or convicted of, pled guilty or nolo contendere to, forfeited bail concerning, or had expunged any relevant criminal offense under the laws of any jurisdiction, either felony or misdemeanor, not including traffic violations, regardless of whether the offense has been expunged, pardoned, or reversed on appeal or otherwise.

8. Past convictions of the applicant or any Stakeholder involving any of the following, but limited to:

- i. gambling;
- ii. prostitution;
- iii. weapons;
- iv. violence;
- v. tax evasion;
- vi. fraudulent activity; and
- vii. serious moral turpitude.

9. A felony or misdemeanor of such a nature that it may impair the ability of the applicant to operate a licensed business in a safe and competent manner;

10. Whether the applicant or any Stakeholder has filed, or had filed against it, a proceeding for bankruptcy or insolvency within the past seven (7) years;

11. Whether the applicant has been served with a complaint or other notice filed with any public body regarding payment of any tax required under federal, state or local law that has been delinquent for one (1) or more years;

12. Whether the applicant has a history of noncompliance with any regulatory requirements in this State or any other jurisdiction;

13. As it relates to operation of a proposed provisioning center, the applicant's type of service and product that will be offered and the overall theme and atmosphere of the proposed provisioning center.

c) The City Council shall assess each application with regard to the criteria provided for in this ordinance and approve the issuance of a license to an applicant it believes is properly qualified. In the event that applications are received for a type of facility that exceed the total number of licenses available under this ordinance for that type of facility, the City Council will assess each application and approve the issuance of a license to the applicant(s) that it deems to be the most qualified of the competing applicants pursuant to the criteria set forth in this ordinance.

IT IS FURTHER ORDAINED THAT:

Subsections 3 and 4 of SECTION III of Ordinance No. 2017-01 are hereby amended to provide as follows:

3. On and after December 15, 2017, the City shall accept applications for authorization to operate a medical marihuana facility within the City. Application shall be made on a City form and must be submitted to the City Clerk and/or other designee of the City Council (hereinafter referred to as "Clerk"). Once the Clerk receives a complete application including the initial annual medical marihuana facility fee, the application shall be time and date stamped. If at the time of application a license is available for the type of marihuana facility referenced in the application, then the completed application shall be considered for authorization as provided in this ordinance. Upon

the consideration and approval of the application by the City Council as provided in this ordinance, the applicant shall receive conditional authorization to operate such medical marihuana facility within the City. If at the time an application is submitted for a type of marihuana facility as to which no licenses are currently available pursuant to this ordinance, the completed application shall be held for future consideration, in the event a license for the type of facility that is the subject of the application becomes available. Any such application for waiting for future consideration and authorization may be withdrawn by the submission of a written notice to the Clerk at any time, and upon the submission of such written notice the applicant shall receive refund of the initial annual medical marihuana fee submitted with the application.

4. A conditional authorization means only that the applicant has submitted a valid application for a marihuana facility license that has been considered and approved by the City Council, and the applicant shall not locate or operate a marihuana facility without obtaining all other permits and approvals required by all other applicable ordinances and regulations of the City of Reading. A conditional authorization will lapse and be void if such permits and approvals are not diligently pursued to completion.