

# Advisory Committee on Business Plan

Wednesday, May 1, 2019

9:00 AM – 12:00 PM

Governor Hotel Building

Room 450 (Ballroom)

## Advisory Committee Members Present

Michael Lanahan, Department of Economic Development – State of Missouri Executive Branch Member

Rick Nichols – Public Member

Kelly Dyer – Public Member

Leslie Tanner – Public Member

## Department Staff Present

Lyndall Fraker, Section for Medical Marijuana Regulation, DHSS

Richard Moore, General Counsel, DHSS

Steve Doerhoff, Legal Counsel, DHSS

Lyndall Fraker, the Director of the Section for Medical Marijuana Regulation, Missouri Department of Health and Senior Services (“DHSS”) opened the meeting and introduced the committee members present.

Richard Moore, General Counsel, reported that he will read the questions today and give the committee the opportunity to decide if the questions are appropriate or if the questions should be amended or deleted. Richard Moore reported that once a question has been determined to meet the requirements of the committee, the committee members will be asked to establish what they believe to be the importance level of the question. Richard Moore reported that a scale was provided to committee members to make that determination. The scale is as follows:

- 1 – Slightly Important
- 2 – Important
- 3 – Highly Important
- 4 – Critically Important

**Question 19:**

Provide documentation of sources of capitalization to demonstrate that you have sufficient liquid assets to successfully carry out the activities described in the application. Any capitalization claimed may not be committed for another facility license or application or any other purpose. Without evidence showing a lower amount of capitalization is adequate for your facility, the following amounts shall be considered satisfactory.

For cultivation facility applicants - \$300,000

For dispensary applicants - \$150,000

For infused product manufacturing facility applicants - \$150,000

For transportation applicants - \$150,000

For testing applicants - \$200,000

Weight of question: **4 – Critically Important**

Committee consensus on question and on weight of question.

**Question 20:**

Will the business have professional liability insurance? If yes, describe the anticipated insurer, policy terms, and limits.

Weight of question: **2 - Important**

Committee consensus on question and on weight of question.

**Question 21:**

Will the business have product liability insurance? If yes, describe the anticipated insurer, policy terms, and limits.

Weight of question: **2 - Important**

Committee consensus on question and on weight of question.

**Question 22:**

Will the business have business interruption insurance? If yes, describe the anticipated insurer, policy terms, and limits.

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

**Question 23:**

Will the business have property insurance, not including medical marijuana insurance? If yes, describe the anticipated insurer, policy terms, and limits.

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

**Question 24:**

Will the business have property insurance to cover marijuana loss? If yes, describe the anticipated insurer, policy terms, and limits.

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

**Question 25:**

If a license is granted, does the business have a legal right (own, option to buy, lease, contingent agreement, etc.) to operate at the proposed location? If yes, describe and provide evidence, including the length of time you have secured the property where the business will be located.

Weight of question: **3 – Highly Important**

Committee consensus on question and on weight of question.

**Question 26:**

Describe your plan to address diversity, such as individuals belonging to a racial minority group as defined in Section 37.013 RSMo, women, and/or veterans in ownership and/or staffing.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 27:**

Describe your plan to maintain an adequate supply of marijuana.

Weight of question: **4 – Critically Important**

Committee consensus on question and on weight of question.

**Question 28:**

Describe your plan to ensure safety and security of Qualifying Patients and the community.

Weight of question: **3 – Highly Important**

Committee consensus on question and on weight of question.

**Question 29:**

Describe your procedures to prevent diversion (of medical marijuana from the legal market into the illegal market).

Weight of question: **4 – Critically Important**

Committee consensus on question and on weight of question.

**Question 30:**

Describe your plan for making medical marijuana available to low income Qualifying Patients.

Weight of question: **3 – Highly Important**

Committee consensus on question and on weight of question.

**Question 31:**

Will anyone in ownership or management have, or are you retaining a contractor or consultant with, work experience in pharmacology. If yes, list and describe.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 32:**

Will anyone in ownership or management have, or are you retaining a contractor or consultant with, work experience in medicinal products? If yes, list and describe.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 33:**

Will anyone in ownership or management have, or are you retaining a contractor or consultant with, work experience in community pharmacy? If yes, list and describe.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

Richard Moore reported that the Department recommends deletion of Question 34.

**Question 34:**

Will anyone in ownership or management have work experience in business operations? If yes, list all and describe.

Committee consensus on deletion of question.

**Question 35:**

Will anyone in ownership or management have, or are you retaining a contractor or consultant with, sales experience in a highly regulated or pharmaceutical industry? If yes, list and describe.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 36:**

Will anyone in ownership or management have, or are you retaining a contractor or consultant with, work experience in regulatory compliance? If yes, list and describe.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 37:**

How will the business recruit qualified employees?

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 38:**

How will the business train employees on diversity awareness?

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

**Question 39:**

How will the business train employees on sexual harassment?

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

**Question 40:**

How will the business train employees on workplace violence?

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

**Question 41:**

How will the business train employees on security and safety?

Weight of question: **3 – Highly Important**

Committee consensus on question and on weight of question.

**Question 42:**

How will the business train employees on company policies?

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

Richard Moore reported that the Department recommends deleting Questions 43, 44, and 45.

**Question 43:**

Will the business train employees on drug free workplace?

**Question 44:**

How will the business engage in the community?

**Question 45:**

How will the business evaluate and select vendors?

Committee consensus on deletion of questions.

**Question 46:**

How will the business become operational within one year of the license being awarded?

Weight of question: **4 – Critically Important**

Committee consensus on question and on weight of question.

**Question 47:**

What is the plan for inventory management?

One of the committee members recommended amending the question.

**Question as amended:**

What is the plan for inventory management and tracking orders?

Weight of question: **4 – Critically Important**

Committee consensus on amending question and on weight of question.

**Question 48:**

What is the plan for storage of marijuana?

Weight of question: **4 – Critically Important**

Committee consensus on question and on weight of question.

**Question 49:**

What is the plan for recordkeeping?

A committee member recommended amending the question.

**Question as amended:**

What is the plan for accounting?

Weight of question: **3 – Highly Important**

Committee consensus on amending the question and on weight of question.

**Question 50:**

Provide an analysis of the strengths, weaknesses, opportunities, and threats associated with the proposed business and explain how you intend for the business to become successful.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

Richard Moore reported that the Department recommends deleting Questions 51 - 54 because they were reworked into Question 50.

**Question 51:**

What are the weaknesses of the business plan and how will you overcome them?

**Question 52:**

What are the opportunities associated with the business?

**Question 53:**

What are the threats associated with the business?

**Question 54:**

How do you intend for the business to become successful?

Committee consensus on deletion of questions.

**Question 55:**

Has a market analysis been completed for the business?

Weight of question: **1 – Slightly Important**

Committee consensus on question and on weight of question.

**Question 56:**

Describe your estimated revenues and expenses for the business in the first two years of operation. What are the estimates based on?

A committee member recommended amending the question.

**Question as amended:**

Describe your *monthly* estimated revenues and expenses for the business in the first two years of operation. What are the estimates based on?

Weight of question: **3 – Highly Important**

Committee consensus on question and on weight of question.

Richard Moore reported that the Department recommends deleting Questions 57 – 63.

**Question 57:**

What are the estimates for clients within two years of opening? What are the estimates based on?

**Question 58:**

What are the estimates for net annual income in year one of operation? What are the estimates based on?

**Question 59:**

What are the estimates for net annual income in year two of operation? What are the estimates based on?

**Question 60:**

What are the estimates for expenses in year one of operation? What are the estimates based on?

**Question 61:**

What are the estimates for expenses in year two of operation? What are the estimates based on?

**Question 62:**

What are the estimates for monthly sales in year one of operation? What are the estimates based on?

**Question 63:**

What are the estimates for monthly sales in year two of operation? What are the estimates based on?

Committee consensus on deletion of questions.

**Question 64:**

Including a timeline, what is your staffing plan for the business in the first 2 years of operation?

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 65:**

How will the business source non-marijuana products and equipment necessary for the business?

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 66:**

How will the business fulfill orders?

Weight of question: **2 - Important**

Committee consensus on question and on weight of question.

Richard Moore reported that the Department recommends deleting Question 67 because the language was added in Question 47.

**Question 67:**

How will the business track orders?

Committee consensus on deletion of question.

**Question 68:**

What is your marketing plan for the business?

A committee member recommended amending the question.

**Question as amended:**

What is your marketing plan including to whom, method of delivery and cost?

Weight of question: **2 - Important**

Committee consensus on question and on weight of question.

**Question 69:**

How will the business set pricing?

The committee discussed amending the question.

**Question as amended:**

How will the business set pricing initially and thereafter, based on supply and demand?

Weight of question: **1 – Slightly Important**

Committee consensus on amending the question and on weight of question.

**Question 70:**

What are the necessary steps that will need to occur for the business to succeed?

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

Richard Moore reported that the Department recommends deleting Question 71.

**Question 71:**

Describe the revenue forecasts by month with projections for the first two years.

Committee consensus on deletion of question.

**Question 72:**

Describe the financial plan for the business. Specifically address financing if FDIC banks currently do not provide loans or financing to the legal cannabis industry and how you will complete financial transactions.

A committee member recommended amending Question 72.

**Question as amended:**

Describe the financial plan for the business. Specifically address financing if FDIC banks and NCUA insured credit unions currently do not provide loans or financing to the legal cannabis industry and how you will complete financial transactions.

Weight of question: **3 – Highly Important**

Committee consensus on amending the question and on weight of question.

**Question 73:**

Describe the odor control plan, including why a plan may not be needed for your type of business.

Weight of question: **2 – Important**

Committee consensus on question and on weight of question.

**Question 74:**

Describe the plan to prevent minors from illegally obtaining your product.

Weight of question: **4 – Critically Important**

Committee consensus on question and on weight of question.

**Question 75:**

Will the business offer health insurance for your employees?

Weight of question: **1 – Important**

Committee consensus on question and on weight of question.

The Advisory Committee voted unanimously in favor of accepting the questions and the associated weight of each question. The meeting was concluded.