

Town of Los Gatos

Cannabis Management Services

January 24, 2022

HdL  Companies

SUBMITTED BY

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TABLE OF CONTENTS

I. COVER LETTER	2
II. PROPOSED SCOPE OF SERVICES	3
III. COST	7
IV. OPTIONAL SERVICES	8
V. EXPERIENCE AND RESOURCES.....	8
VI. REFERENCES	17

I. COVER LETTER

January 24, 2022

Robert Schultz
Town Attorney
Town of Los Gatos
110 E. Main Street
Los Gatos, CA 95030

Re: Proposal for Cannabis Outreach and Policy Development

Dear Mr. Schultz,

Thank you for the opportunity to submit this proposal for cannabis management services for the Town of Los Gatos. The enclosed scope of services provides a comprehensive program to assist the City with presentations at meetings and workshops, a community survey, an analysis of the potential impacts and revenues that may be generated by cannabis businesses, development of a draft regulatory ordinance and a tax ordinance, and additional hours of general subject matter expertise to be used as needed by the Town.

HdL is recognized as the industry leader in the development, implementation and enforcement of cannabis management programs for local governments in California. We have partnered with over 175 California cities and counties on cannabis-related programs, including ordinance development and review, community outreach and education, merit-based application and permitting processes, cost recovery studies, compliance inspections, financial audits, fiscal analyses and law enforcement training.

Our cannabis team has unmatched expertise, with more than 65 years' combined experience in the development, implementation and enforcement of cannabis regulatory and tax programs. Our team members have conducted over 18,000 cannabis compliance inspections and financial audits in California, Colorado and Nevada, and have reviewed, scored and processed over 3,500 cannabis business applications in the last six years in California. HdL Companies works solely with public agencies and has no private-sector clients in the cannabis industry.

We look forward to the opportunity to partner with the Town of Los Gatos in developing a strategy which meets your program needs. If you have any questions or require additional information, please feel free to contact me by email at anickerson@hdlcompanies.com or David McPherson at dmcpherson@hdlcompanies.com or by phone at 714.879.5000.

Sincerely,



Andy Nickerson
President, HdL Companies

II. PROPOSED SCOPE OF SERVICES

The Town of Los Gatos currently prohibits any and all commercial cannabis businesses. In January of 2021, the Los Gatos Town Council gave direction to staff to explore possibilities for allowing licensed cannabis business within the town limits.

In response to this direction, the Town Attorney held a series of 10 meetings with various community groups to gather input from the public. The majority of the public in attendance expressed an interest in allowing cannabis businesses within the Town as a means of generating revenue, but also expressed concerns about potential health and safety impacts. Staff also conducted an online survey to gauge the community's interest, opposition or concerns.

On January 18th, staff provided an update and report to the Council outlining the responses from the community and requesting authorization to engage the services of a cannabis consultant to evaluate potential amendments to the Town's cannabis ordinance and the development of a cannabis tax ordinance to be placed before the voters at the November general election. The Council approved this request on a 4 to 1 vote and approved a budget adjustment of \$50,000 for this work.

It is anticipated the selected consultant will conduct further outreach to the community and will develop information to help inform the Council's decision making on the issue. This may include preparation of a fiscal analysis to provide projections for the impacts and potential revenues that may be generated from a cannabis tax, as well as presentations to the Council, Planning Commission, Finance Commission or other boards or committees, along with public workshops and an online community survey.

The consultant would also assist the Town in developing a new or amended cannabis regulatory ordinance and a commercial cannabis business tax ordinance to be placed before the voters at the November ballot. It is anticipated that approval and implementation of the regulatory ordinance would likely be dependent upon voter approval of the tax measure. It is also understood that approval of any cannabis regulatory ordinance would require some level of CEQA review, which would likely not occur until the voters have provided their concurrence.

It's anticipated that the Town may allow up to 3 cannabis retailers, but that there is likely not demand or support for cultivation, manufacturing or distribution businesses. Direction regarding the number and type of businesses to allow will ultimately be up to the Town Council.

To assist with this endeavor, the town is now requesting that HdL provide a proposal with the following scope of services:

- A series of meetings with individual Town Council Members to provide a common baseline understanding of the legal cannabis industry and to address questions or concerns they may have.
- Attendance or presentations at up to 4 public meetings or workshops to explore issues or concerns from the community.
- Conducting an online community survey to gauge overall support or opposition.

- A fiscal study to analyze the impacts and potential revenues that could be generated by cannabis businesses, as well as sales tax revenues that are currently being lost through leakage to deliveries from nearby communities.
- Developing a draft cannabis tax ordinance and associated ballot measure to be placed before the voters in November.
- Developing a draft cannabis regulatory ordinance to provide a regulatory program, should the tax measure be approved by the voters.
- Additional hours of general subject matter expertise to be used as needed.

Each of these service objectives is described in greater detail below.

Objective 1: Attendance, Support or Presentations at Meetings or Workshops

HdL shall provide attendance or presentations at up to 5 meetings or workshops to help inform discussion and development of a potential cannabis ordinance and associated regulatory program. It is anticipated that this objective may include a series of individual meetings with each Council Member, a public meeting of the Town Council to provide policy direction, attendance at meetings of the Planning Commission, Finance Commission or other boards or committees, and the first reading of the draft regulatory ordinance. These meetings are described below.

- A series of meetings with individual members of the Town Council to discuss issues and to address potential questions or concerns from the community. This series of meetings would count as a single meeting for purposes of this proposal.
- A presentation at a public meeting or workshop to provide an overview of what a regulated cannabis industry might look like for the Town, including revenue projections. This meeting would also provide an opportunity for the Town Council to provide policy direction to staff for development of a regulatory ordinance.
- Attendance and support at a Planning Commission hearing for consideration of the draft cannabis regulatory ordinance.
- Attendance and support at a meeting of the Finance Commission or other boards or committees as needed or requested
- Attendance and support at the first reading of the cannabis regulatory ordinance before the Town Council.

The cost for this objective includes planning and coordination with staff, preparation of a presentation or materials as necessary, meetings attendance, and any follow up. The actual use and scheduling of these meetings would be determined in consultation with Town staff. This objective assumes that all meeting attendance would be virtual. Physical attendance would incur an additional travel charge.

Objective 2: Conduct a Community Survey

HdL shall design and conduct an online community survey that will gather input from residents to gauge their level of support, opposition, interest or specific areas of concern regarding possible commercial cannabis businesses in the Town of Los Gatos. The survey will be designed so that responses can be keyed to the demographics of the Town to ensure they accurately reflect the sentiments of Los Gatos residents and to minimize the potential for intentionally skewing the results.

HdL will prepare a list of questions and any other content for the survey. The Town will host the survey on its website using a readily-available service such as Survey Monkey or OpenGov. Surveys may also be circulated in hard-copy at in-person community meetings, if so desired by the Town. HdL shall compile all survey responses and shall provide a written report summarizing the results.

Objective 3: Conduct a Fiscal Analysis

Consultant HdL shall conduct a fiscal analysis of the potential cannabis industry in the Town of Los Gatos to help inform development of a commercial cannabis business tax ordinance and associated ballot measure. The analysis would seek to develop estimates for the number and size of each type of commercial cannabis business that may seek to locate in the Town, as well as estimates for the gross receipts and tax revenue that may be generated from each type of business under a variety of tax structures and rates.

The analysis would focus primarily on cannabis storefront retailers as the most likely business type to establish itself within the Town. The analysis would discuss both the potential for collecting new revenue through a cannabis business tax and the potential to recapture existing retail taxes that are currently being lost through leakage to deliveries made into the Town by cannabis retailers from nearby communities.

This proposal assumes that HdL will provide one initial draft report for staff to review and critique plus one iterative draft that will incorporate any requested revisions prior to providing the final report. Any additional drafts, iterations or documentation that may be requested by the City would be in addition to the costs shown in the table below and shall be billed at HdL's hourly rate. HdL will advise the Town in advance if additional requested revisions may result in potential exceedances.

Objective 4: Develop Draft Cannabis Regulatory Ordinance

HdL shall develop a draft commercial cannabis regulatory ordinance that is consistent with State laws and reflects industry best practices. HdL will work with Town staff to identify local concerns and priorities, including land use issues and sensitive uses, and to design appropriate regulatory processes and mitigations as necessary to protect the health, safety and welfare of the community. The ordinance will allow the Town to specify the number and types of businesses to be permitted, application and renewal procedures, location requirements, site security measures, inspections and enforcement protocols, operational procedures, and other requirements specific to each allowable type of cannabis business.

Objective 5: Develop Draft Cannabis Tax Ordinance

HdL shall develop a draft commercial cannabis tax ordinance to generate Town revenues from licensed cannabis businesses. The ordinance will set maximum tax rates for each type of cannabis business permitted by the Town and will allow the Town Council to set the rates as desired up to the maximum rate. The ordinance shall also specify the schedule and procedures for remitting taxes and shall allow the Town to conduct audits of cannabis businesses to ensure they are reporting and remitting the proper amounts.

HdL shall also provide the ballot resolution as necessary to place the tax measure on the ballot and shall provide revenue projections as required for the ballot statement.

Objective 5: Technical Assistance and Subject Matter Expertise

HdL will provide up to 20 hours of general consulting to be utilized on an as-needed basis at the Town's request. Such assistance may include technical assistance, subject matter expertise, education, monitoring of changes to State laws and regulations, participation in conference calls, responding to staff inquiries via phone and email, reviewing staff reports to the Town Council, assisting with responses to inquiries from the public, or other issues yet to be determined as requested by the Town.

III. COST

The proposed services are broken down into specific line items in the cost table below. This proposal does not include any additional items that are not contemplated by this scope of services. Any additional services requested by the City will be billed at HdL’s hourly rate.

Prices are valid for 90 days from the date of this proposal to allow time for consideration and negotiating a service agreement. Once under contract, prices shall be honored for the first full year, with successive years subject to an annual increase based upon the Consumer Price Index for the Los Angeles-Long Beach-Anaheim region.

Scope of Service Objectives	Estimated Cost
Objective 1: Attendance or Presentations at Meetings or Workshops Assumes 5 remote meetings @ \$2,000 each	\$10,000
Objective 2: Conduct a Community Survey	\$9,000
Objective 3: Conduct a Fiscal Analysis Generally \$10,000 to \$20,000; depends on specifics	\$10,000
Objective 4: Develop a Draft Cannabis Regulatory Ordinance	\$8,000
Objective 5: Develop a Draft Cannabis Tax Ordinance	\$8,000
Objective 6: Technical Assistance and Subject Matter Expertise Assumes 20 hours at \$250/hr	\$5,000
Travel (if and as needed for meeting attendance)	\$100 per day
TOTAL NOT TO EXCEED	\$50,000
All City costs other than those associated with development of the cannabis tax measure may be fully recoverable from applicants or permittees.	

Conflicts of Interest and Non-Disclosure

HdL Companies works solely with public agencies and has no private-sector clients in the cannabis industry.

Drafts and Final Work Products

All work products assume one initial draft for review and comment, one iterative draft to incorporate any desired changes, and one final draft for presentation or publication. Additional drafts requested by the client may result in additional charges at HdL’s hourly rate.

IV. OPTIONAL SERVICES

Cost Recovery Fee Analysis

HdL will conduct a fiscal analysis to determine appropriate application and permitting fees. The analysis shall consider the costs of all Town staff time, overhead, fringe benefits, consultants and any other services associated with each step of the cannabis permitting and regulatory process, including both initial application processing and annual permit renewals. HdL staff has experience developing cannabis regulatory fees and doing a “fit gap” analysis of staff responsibilities and time allotted to this program to establish appropriate fees for the Town’s level of oversight and enforcement of the regulatory process.

Application Process Development

HdL shall design an application process that includes review, scoring, ranking, interviews and assistance with final selection of cannabis business permittees. The process shall be tailored to provide merit-based ranking or a lottery where appropriate or required for awarding a specified number of permits and to provide a quality assurance standard for those business types where there is no such limit. The process shall include evaluation criteria consistent with state law and the Town’s ordinance, to ensure that applicants have addressed all requirements before being allowed to move forward to the permitting process.

HdL will advise the Town on the most appropriate process for its needs, depending upon the number of permits available and the anticipated number of applicants. HdL shall provide all necessary application forms, as well as procedures, guidelines, indemnification forms, background information releases, and other required documents and shall ensure that all information desired by the Town is incorporated into the application form and procedures.

Application Reviews, Ranking and Interviews

HdL staff will conduct an initial screening of all applications for completeness based upon an objective checklist of required documentation. Applications which have been deemed complete will move forward for a full review, including scoring and ranking. Applicants must provide detailed information on how they plan to meet the required criteria. An applicant’s point score shall be based on their demonstrated ability to meet or exceed minimum requirements in each category.

Reviews shall include narrative comments that identify both strengths and weaknesses of each application as well as any deficiencies or areas of concern. Reviews shall be adequately detailed to inform the subsequent interview process but shall not contain any recommendations for approval or denial, other than a numerical score.

HdL will design and conduct an interview panel for all applicants that receive passing scores. The interview panel shall consist of designated Town staff, assisted by a subject-matter expert from HdL serving as facilitator. Interviews shall be one hour long, with a half hour between to allow for reaction, discussion and note taking by the panel.

Supplemental Background Checks

HdL is qualified to provide background checks of all owners, principals, managers and employees of cannabis businesses to supplement the State-required Live Scan fingerprint check, which will only disclose Department of Justice (DOJ) records regarding arrests or convictions. Our supplemental background process expands upon the Live Scan information by checking the subject's social security number and up to 5 variations of their name or aliases against over 200 million databases nationwide.

Our supplemental background checks can identify other factors that local governments may wish to consider before granting discretionary business licenses or permits, including other felony offenses, misdemeanor convictions, arrest records, civil judgements, restraining orders, the terrorist screening database, the national sex offender registry, delinquent child support payments, bankruptcies, employment and credit records, and more.

HdL provides an online portal for applicants to submit their application and authorization for background checks and all necessary documentation. Applicants provide their payment directly to HdL through the portal, so there is no cost to the City.

V. EXPERIENCE AND RESOURCES

Company Profile

Founded in 1983, HdL is a consortium of three companies established to maximize local government revenues by providing audit, compliance, economic development, consulting services and software products. Its audit and consulting services include sales, use and transaction taxes, property taxes, transient occupancy taxes, and a Cannabis Management Program. The firm also provides a variety of enterprise software processing tools for business licensing, code enforcement, animal control, building permits and tracking/billing of false alarms. HdL's systematic and coordinated approach to revenue management and economic data analysis is currently being utilized by over 500 agencies in six states. The firm currently serves 49 counties, 311 cities and 132 transactions tax districts in California.

HdL's key staff has extensive experience serving local government and many have previously held positions in city management, finance, planning, economic development or revenue collection. HdL is a Corporate Partner of the League of California Cities and California State Association of Counties and works extensively with the County Auditor's Association of California, California Society of Municipal Finance Officers (CSMFO) and California Municipal Revenue and Tax Association (CMRTA) on anticipation and planning of programs to strengthen local government revenues.

This close understanding of local government needs coupled with extensive databases and advanced methodology provides for the most relevant, productive and responsive revenue recovery; forecasting; and economic services available.

Our team of professionals has over 65 years of direct experience establishing and implementing cannabis regulatory and taxation programs, including establishing land-use regulations, permit processes, staffing plans, and cost recovery fees; structuring cannabis business tax fees; regulatory compliance; financial audits; and law enforcement training. Our team has conducted over 18,000 cannabis compliance inspections and investigations in California, Colorado and Nevada.

Key Personnel

David McPherson, Compliance Director

David McPherson works with local agencies to prepare them to mitigate regulatory issues surrounding Proposition 64 and SB 94. Prior to joining HdL, David served 28 years in local government for the County of Orange and the cities of Newport Beach, San Jose and Oakland. David's experience as a law enforcement officer, compliance auditor, and tax administrator has provided him a wealth of experience that makes him uniquely qualified to manage HdL's Cannabis Management Program. While working for the City of Oakland, he became the first Tax Administrator in the country to successfully tax, regulate and audit medical marijuana businesses. David has over 10 years of experience working with cannabis regulatory programs.

David is one of the state's most recognized experts in cannabis regulatory policies, compliance implementation and tax policies. His unique knowledge in horticulture, processing and dispensary operations while working for the City of Oakland has made him one of the pioneers in creating a Cannabis Management Program. He uses his experience to assist local and state agencies in developing cannabis policies for regulation, compliance, auditing and economic development. He worked closely with the League of Cities on the development of the Medical Cannabis Regulation and Safety Act (MCRSA) and helped shape SB 94, the Medicinal Adult-Use Cannabis Regulation and Safety Act (MAUCRSA).

David provides technical support on cannabis-related matters to the League of Cities, the Police Chief's Association, Rural County Representatives of California and the California State Association of Counties. In addition, David is working collaboratively with the Department of Consumers Affairs, Department of Food & Agriculture, Department of Health Services and the California Department of Tax and Fee Administration on the implementation of best practices for regulating the cannabis industry for local agencies.

David received his Bachelor's Degree in History from California State University, Fullerton and his Master's Degree in Public Administration from California State University, Long Beach. While at Long Beach, he was named "Future Urban Administrator of the Year".

Matt Eaton, Deputy Compliance Director

Matt Eaton is the Deputy Compliance Director at HdL and plays a critical role in implementing the Cannabis Compliance Program for local agencies. Prior to joining the firm, he was a progressive law enforcement professional with 30 years' experience conducting criminal/regulatory investigations, and corporate/individual background investigations.

While working as a Supervisory Investigator at the Colorado Department of Revenue in the Marijuana Enforcement Division (MED), Matt managed criminal investigators and civilian staff in the Denver Metro and Longmont field offices. During his six-year tenure at the MED, he conducted approximately 10,000 criminal investigations and compliance reviews, including regulatory and financial investigations. He is a subject matter expert on track and trace systems and understands the complexity of reviewing data to ensure businesses are in compliance with state and local regulations. Matt was responsible for planning, developing and implementing report and field inspection protocols for the agency. He also played an instrumental role in recommending changes to current regulations and identifying essential language for new legislation in Colorado. Matt is well known for his ability to maintain working relationships with cannabis industry leaders and external stakeholders in resolving issues.

Matt received his Bachelor of Science Degree from Biola University and maintained Police Officer Service Training (POST) certification for over 30 years in California and Colorado. He has also served as an adjunct instructor teaching law enforcement principle related to criminology, correctional processes, procedural law, interviews, interrogations and criminal evidence at AIMS Community College in Greeley, Colorado.

Ajay Kolluri, Deputy Director of Policy and Audits

Ajay Kolluri is the Deputy Director of Audits and Operations for HdL's Cannabis Division. Ajay is responsible for overseeing the cannabis audit team and the daily operations of the division, which includes special projects such as community outreach, surveys, grant solicitation, revenue analysis, cost recovery fee studies, contracts, budgeting, and marketing. Ajay previously served as Program Manager for the Office of Cannabis Oversight (OCO) at City of Long Beach. Working within the City Manager's Office, Ajay was responsible for the licensing, regulation and enforcement of all commercial cannabis activity in the City, with one of the largest legal cannabis markets in the state. During his tenure with the OCO, Ajay oversaw the issuance over 200 cannabis business licenses, generating over \$10 million in annual revenue for the City. Ajay has experience in all aspects of cannabis oversight, including public health and education, planning and zoning, building inspections, enforcement, social equity, fee development, economic analysis and revenue projections.

Prior to overseeing the OCO, Ajay worked in public finance, serving as Budget Analyst for the Department of Financial Management in the City of Long Beach. Ajay holds a Bachelor's degree in business economics from the University of California, Santa Barbara, and a Master's degree in public policy from the University of Michigan.

Mark Lovelace, Senior Policy Advisor

Mark Lovelace has 16 years of broad experience in public policy, community engagement and advocacy and is recognized as a leader in advancing the statewide discussion of medical and recreational cannabis as a policy issue in California.

Mark served on the Humboldt County Board of Supervisors from 2009 through 2016 where he was instrumental in developing a comprehensive approach to regulating cannabis, including a voter-approved tax on commercial cultivation and an innovative track and trace pilot program. Mark established and co-chaired the Medical Marijuana Working Group for the California State Association of Counties (CSAC) and helped draft CSAC's legislative platform for cannabis issues. Mark pioneered the first regional summit on cannabis issues in 2015 which helped guide the development of SB 643 and AB 243, two components of the Medical Cannabis Regulation and Safety Act (MCRSA).

Mark has worked extensively with public agencies and statewide associations on cannabis issues, including CSAC, Rural County Representatives of California, the Association of California Water Agencies, the North Coast Resource Partnership, California Department of Fish and Wildlife, the State Water Board, the North Coast Regional Water Board, the Bureau of Cannabis Control, State legislators, and others. He has led numerous presentations, workshops and panel discussions on cannabis issues and has been a sought-after speaker on the topic for government agencies, community organizations and industry groups.

Mark received his Bachelor of Science degree in Industrial Design from San Jose State University. Prior to his time on the Board, he worked for many years as a respected advocate on land use, planning, development and environmental issues.

David Ross, Senior Compliance Inspector

David Ross is a Certified Fraud Examiner with 7 years of experience conducting gaming and non-gaming audits and investigations of tribal gaming facilities. David's experience includes conducting forensic accounting investigations into cash larceny, expense reimbursement fraud, check fraud, credit card fraud, payroll fraud, wire fraud, insider trading, construction fraud in addition to litigation support.

David previously worked as Surveillance Officer and Internal Auditor for the Shingle Springs Tribal Gaming Commission, where he was responsible for analyzing financial statements for a facility with revenues exceeding \$20 million per month. David also analyzed internal controls and established policies and procedures to ensure compliance with federal, state and local regulations. In addition, David conducted surveillance reviews and investigations into criminal activity including check and credit card fraud, skimming, money laundering, drug activity and other violations.

David holds a Bachelor's Degree in Business Administration from Vanguard University in Costa Mesa and a Master's Degree in Finance from California State University San Bernardino. He is a member of the Association of Certified Fraud Examiners.

Michelle Shaw, Compliance Inspector

Michelle conducts onsite inspections, examinations and other actions to monitor compliance with established standards for local licensed cannabis businesses. Prior to joining HdL, she was a Compliance Specialist Officer at a large, multinational bank where she managed, validated and oversaw the effectiveness and accuracy of numerous compliance issues within the consumer retail space. Throughout her eight years of experience at the bank, she performed assessments of affiliate businesses to determine compliance/non-compliance of their processes and procedures pursuant to bank standards and state regulations.

A graduate of Cypress College, Michelle holds a Foundations of Banking Risk certificate from the Global Association of Risk Professionals and a paralegal certificate from the Southern California College of Business and Law.

Jeff Burris, Background Investigator / Compliance Inspector

Jeff Burris has over 28 years' experience as a Law Enforcement Professional. Jeff began his career with the Orange County Sheriff's Office before moving to the Ontario Police Department, where he advanced to Corporal, Police Detective and Sergeant before retiring as a Lieutenant.

Jeff worked various investigative assignments during his career, including both criminal and non-criminal investigations. While working as a Police Detective Jeff conducted personnel background investigations for sworn, non-sworn, administrative, and confidential employees. These investigations included criminal checks, credit checks, prior employment verification, personal reference verification, driving records, pre-polygraph questioning, neighborhood canvassing, and oral interviews. His assignments also included annual State audits for regulatory compliance.

Jeff received his Bachelor of Science degree in Occupational Management from the California State University in Long Beach. Jeff has completed numerous specialized training courses in investigative techniques, including a course in background investigations by the California Commission on Peace Officer Standards and Training (CA POST), and is a former member of the California Background Investigators Association (CBIA).

Elizabeth Eumurian, Senior Auditor

Elizabeth Eumurian is a Senior Auditor at HdL. Her primary role is to conduct financial audits, evaluate cannabis applications and conduct background checks. As part of the audit program, she will be conducting and preparing analytical information through the CATS™ program to prepare Tax Analytical Remittance Reports (TARR) summaries to evaluate under reporting or anomalies in the remittance of tax payments to local jurisdictions.

Elizabeth previously worked as a senior auditor in the entertainment industry. In this role, she executed testing procedures for targeted audit programs, analyzed findings and prepared audit and compliance reports. She also has experience working for a large financial institution analyzing data for reporting anomalies and performing internal audits. Elizabeth has recently done work for Blythe, California City, Coachella, Cotati, Desert Hot Springs, Long Beach, Mammoth Lakes, Moreno Valley, Perris, San Bernardino, and Vallejo.

Elizabeth earned her Bachelor of Arts degree in History from California State University and holds a certificate in CannaBusiness from Oaksterdam University.

Odette Mikhail, Auditor

Odette Mikhail conducts cannabis revenue audits at HdL. Odette previously worked as a senior auditor at public accounting firms. In this role, she executed testing procedures for audit and review engagements, identified accounting issues, reviewed internal controls, and prepared financial reports and statements. Odette earned her Bachelor of Science degree in Accounting and Business Administration from Ain Shams University in Cairo, Egypt.

Tao Lu, Auditor

Tao Lu works as an Auditor for HdL's Cannabis Management Team. Tao has two and a half years' experience as an accountant with an emphasis in information technology and food manufacturing industries. He also has public audit work experience at RSM China. Tao was born and raised in China. He earned a Bachelor's Degree in Accounting and Finance from Syracuse University in New York before relocating to Southern California with his family.

Valerie Carter, Auditor

Valerie Carter works as an Auditor for HdL's Cannabis Management Team. Valerie has over 5 years of public sector work experience focusing on public policy, auditing and revenue tax implementation. She was a Tax Auditor II for the City of Oakland's Revenue Management Bureau and an Assistant Management Analyst for the City of Berkeley's Transportation division. Valerie earned a Bachelor's Degree in Business Administration from Cal Poly Pomona, with an emphasis on Finance, Real Estate, and Law.

Eric Magana, Auditor

Eric Magana works as an Auditor for HdL's Cannabis Management Team, conducting revenue audits of licensed cannabis businesses to ensure they are accurately reporting their revenues and remitting the proper amount of fees or taxes. Prior to joining HdL, Eric worked as a Loan Specialist for the U.S. Small Business Administration, where he processed over 5,000 business loans and grant applications. Eric holds a Bachelor's Degree in Economics and Administrative Studies from University of California at Riverside.

Teresa Schneider, Background Investigator / Compliance Inspector

Teresa Schneider served for 28 years with the Montclair Police Department, including 12 years in the Background Investigations Unit. In this capacity, Teresa was responsible for conducting background investigations of all City business license applicants, as well as all sworn and non-sworn positions within the police and fire departments and of civilians requesting access to police department records.

Theresa previously served 4 years in the U.S. Army's nursing program at Fort Campbell, Kentucky. During this time she attended college at the University of Kentucky and Austin Peay State University. After receiving an Honorable Discharge in 1990, Teresa was hired by the Montclair Police Department. During her 28-year career, she worked numerous assignments, including patrol, K9, detective bureau, court liaison, volunteer coordinator, and red-light automated enforcement. Teresa received many awards throughout her career, including Officer of the Year.

Cheryl Lee-Steele, Business Application Reviewer

Cheryl Lee-Steele is a Business Application Reviewer at HdL whose primary role is to evaluate cannabis business applications for compliance with State law, local ordinance and industry best practices. A small business owner and bookkeeper for over 30 years, she has direct knowledge of best business practices and how to comply with regulatory requirements.

Cheryl attended Chaffee College for accounting and is a Certified Public Bookkeeper through the National Association of Certified Public Bookkeepers.

Lisa Davis, Business Application Reviewer

Lisa Davis is a Business Application Reviewer at HdL whose primary role is to evaluate cannabis business applications for compliance with State law, local ordinance and industry best practices. A small business owner and operator for 20 years prior to joining the firm, she is familiar with operational best practices, inventory control measures and compliance with government and industry regulations and standards.

Kristi Lervold, Administrative Assistant

Kristi is the Administrative Assistant for cannabis team. In this role she supports individual team members, coordinates internal processes, and assists with client requests, contracts, billing reconciliation and invoicing. Kristi's 18-year career includes ten years as the administrative assistant to HdL's CFO, handling various operational responsibilities and supporting financial functions, as well as experience in the occupational health industry, facilitating services for federal, state, and local government clients.

Kristi holds a Bachelor's of Science degree in Business Management with a minor in Business Administration.

VI. REFERENCES

City of Monterey

Hans Uslar

City Manager

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City of Watsonville

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