

THC distributor Utepils to inquire about city regulations for retail THC sales. Schultz indicated at that time there were no ordinances in place, she said that she spoke with a previous city employee who told her that the city would send them information if regulations changed. Schultz said that all of the THC beverages had been pulled from the coolers and was no longer being sold/offered for sale. I checked with city staff and verified that a THC application had not been submitted to the city. I checked the State of Minnesota Low Potency Hemp Derived Product sales registration and found that 1319 Woodfire Tavern had not registered as retailer. At approximately 5:15 p.m. I went to the 1319 Woodfire Tavern and spoke with staff who indicated they were the bar manager. I inquired on the sale of THC beverages, the manager indicated that they had been selling THC seltzers, but had pulled them from the cooler on Monday 8/26/24 and were no longer selling/offering for sale the THC beverages. I asked to inspect the THC product they were previously selling. I walked to the storage area and was provided with three different cans of THC beverage. I inspected each and found that they were labeled appropriately and would be legal for retail sale with proper licensing. I spoke additionally with staff and advised that the sales of the seltzers would be prohibited until a city license was obtained and registration with the state was completed. Staff indicated that they understood and had been told the same by the owners.

On 8/27/24 at approximately 10:30 a.m. I called Mona Schultz and spoke with her regarding the sale of THC beverages. Mona explained that she was not a stakeholder any longer in the business but was the CFO and managed books and licensing for the restaurant. Mona indicated that she contacted the city in August or September of 2023 to inquire about THC sales after being notified by the State of Minnesota to inquire locally about any potential additional licensing requirements. Mona apologized and indicated that she may have missed something in the registration process and tries to watch New Prague City Council meetings to stay abreast of current happenings. She was told that at that time there was not an ordinance in place prohibiting the sales. She said that she spoke with a previous employee who told her that if something changed that the city would notify her. The City of New Prague established the THC ordinance in November of 2022. I explained that the City typically doesn't reach out to businesses to ensure that they have licensure for their businesses and that businesses are responsible for following requirements for licensure for sale of products and services. The exception would be if the business previously had a license and a renewal notice was sent, such as alcohol and tobacco licenses. Mona again said that she must have missed something in the process as she did not apply for a City license. I asked Mona if she had registered with the State of Minnesota Low Potency Hemp Derived Product sales registration. Mona said that she had not registered, but would do so as soon as she was able. I explained the THC sales violation and Mona indicated that she understood. I informed her that the issue would be brought to the City Council on 9/3/24 for review of an administrative fine as defined by City Ordinance chapter 121 in the amount of \$300.

On 8/26/24 city staff provided me with an application for Tetrahydrocannabinols (THC) establishment license for 1319 Woodfire Tavern. I received the application and reviewed it. A background check was completed on interested parties to the business and no disqualifiers were identified. In reviewing Ordinance 121 one potential disqualifier is a conviction of a violation or any provision of the ordinance. I have reached out to the City Attorney for additional clarification on the violation and potential disqualifier for THC licensure.

Additionally, on 8/28/24 at approximately 1:15 PM I received a copy of 1319 Hemp Derived Cannabinoid Product Business Registration. This information will be kept on file with the city.

