



**OWNERSHIP ACKNOWLEDGEMENT FORM  
FOR COMMERCIAL CANNABIS BUSINESS PERMIT APPLICATION**

It is the intent of the City of Fresno to promote equitable ownership and employment opportunities in the cannabis industry to decrease the disparities in life outcomes for marginalized communities and to provide opportunities for local residents to compete for cannabis business permits. Therefore, this notice is to clarify the eligibility requirements in order to receive qualification as a Social Equity Applicant or points for Local Preference by establishing this acknowledgement to provide additional protections to mitigate against potential predatory practices.

In order to qualify as a social equity applicant, or for the full points relating to the local preference criteria, the business entity must have ownership that meets the respective eligibility factors and hold at least 51% ownership interest. The social equity eligibility requirements are identified in FMC section 9-3316(b)(6), while the local preference criteria is identified in FMC 9-3317(a) and the application evaluation criteria 2.5 (Appendix A). This majority interest can be made up of a single individual that meets this criteria, or any combination of individuals that hold at least 20% interest individually and meet the definition of an owner in FMC 9-3304(j). The cannabis social equity permits, and the local preference criteria are intended for the benefit of the Social Equity or Local Preference Individual Applicants related to business profits, proceeds of the sale of business assets, voting rights and additional protections. This also requires the Social Equity or Local Preference Owner to receive the Equity Share percent of the retained earnings and 100 percent of the unencumbered value of each share of stock, member interest or partnership interest owned in the event of the dissolution of the entity to their equity share, or 100 percent of the value of each of stock, member interest or partnership interest in the event that the stock, member interest or partnership interest is sold. Chief among the concepts of equity share, is unconditional ownership which means such individual(s) will receive equal profits, and distributions or other payments proportionate to their ownership interests. This is intended to ensure true ownership by the Social Equity or Local Preference Individual Applicant and as such, prohibits the divestment or relinquishment of any part of their ownership under any circumstance. In addition, the Equity Share is also expanded to address voting rights on fundamental decisions relating to the business and control of at least the equity share percent of the voting rights on all decisions involving the operation of the business. Furthermore, it requires the Social Equity or Local Preference Individual owner be the highest officer position of the business or that another individual is appointed to that position by mutual agreement of the parties. This requirement is also subject to being audited to assess compliance and the Social Equity or Local Preference Owner can initiate legal action due to a breach of contract agreement, and the City may suspend and/or revoke a license if any provision in an operating agreement violates any of the Equity Share or Local Preference requirements. Lastly, all applicants will be required to incorporate an addendum into their operating agreements that makes any provision ineffective, unenforceable, null and void, if it is inconsistent with, or in violation of, the Equity Share requirements. As proposed, Social Equity Applicants or Local Preference Applicants will be required to verify under Section 9-3316(b)(6), 9-3317(a), and Criteria 2.5 of appendix A that they meet the definition of a Social Equity or Local Preference Owner at the time of applying for a permit or permit renewal. The City shall have the sole and absolute discretion to determine whether the Applicant qualifies as a Social Equity Applicant and the number of points for Local Preference.

**The undersigned acknowledges that he/she has read and fully understands the content of this Agreement and is the Applicant or his/her/its authorized signatory.**

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Address/Telephone