

Dispensary Pathways

The route to owning and operating a dispensary



Introduction

Do you want to open a medical marijuana dispensary?

Four Types of Dispensary Choices

1. Retail
2. Retail + Cultivation
3. Retail + Infusion
4. Retail+ Cultivation + Infusion

But what comes next?

All applications must include the following:

1. Demonstrate \$150K to operate
2. Properly Zoned Location
3. Policies and Procedures Manuals
4. Detailed Security Plan
5. Licensed Medical Director
6. Extensive Business Plan
7. Complete and Detailed Non-profit Bylaws

** This is a brief list of the extensive requirements of the AZDHS*



What pathway is the best one for you?



What Dispensary Applicants Need to Know

In April 2011, the Arizona Department of Health Services began issuing medical marijuana patient and caregiver cards as prospective dispensary owners waited to apply for state-issued certificates. However, the Arizona dispensary landscape has fundamentally changed in the last 8 months. Arizona Governor Jan Brewer halted the dispensary program while the rest of the medical marijuana law was implemented. Now there are over 15,000 patients who are authorized to cultivate and over a 1000 caregivers who can grow for up to 5 patients each. Where does that leave those of you applying for a dispensary license?

The good news is there is obviously a solid market for medical marijuana wellness products in Arizona. The fact that patient certification centers and first wave of “marijuana outlets” have been financially successful proves that patients are proactively seeking out legitimate options to obtain medicine rather than stay underground. But what do we know about these patients?

How will the dispensaries work?

- A medical marijuana dispensary registered with ADHS must be operated on a not-for-profit basis, but will be able to receive payment for expenses incurred in its operation.
- The Department can issue no more than one nonprofit medical marijuana dispensary registration certificate for every ten pharmacy permits issued by the Arizona State Board of Pharmacy under current law.
- A dispensary can cultivate marijuana only in an enclosed, locked facility.
- A dispensary can acquire marijuana from other registered nonprofit dispensaries or from a registered qualifying patient or designated caregiver if the patient or caregiver is not compensated for the marijuana.
- State law and rules specify various security, record-keeping, and verification requirements a registered dispensary will have to follow relating to the operation of the dispensary.

How many dispensary registration certificates will one entity be able to obtain?

A person may be an applicant, principal officer, or board member on only one dispensary registration certificate application for a location in a single CHAA and on no more than five dispensary registration certificate applications for locations in different CHAAs. An applicant must be prepared to operate every dispensary applied for.

How many dispensaries will be allowed to open in AZ?

The number of dispensaries is based on the number of pharmacies in the State. As of March 2011, the Department anticipates issuing between 120 and 126 dispensary registration certificates.

Our process is built on compliance with state laws, site selection for primary & ancillary locations, business risk analysis, financial modeling, sustaining growth using a non-profit model, and development of policies & procedures to comply with the Arizona Department of Health Services' dispensary application process. Please see the High Level Overview to understand the next steps you need to take.

All recommendations will be based on the following:

- Arizona Revised Statutes related to Proposition 203 signed into law by Gov. Brewer on December 14, 2010
- The final rules of the Medical Marijuana Act Rules filed by the Arizona Dept. of Health Services with the Secretary of State in March 2012 (exact date TBD)

As the dispensary application process is currently on hold, please kind in mind that the original rule schedule issued by the Arizona Department of Health Services no longer applies.

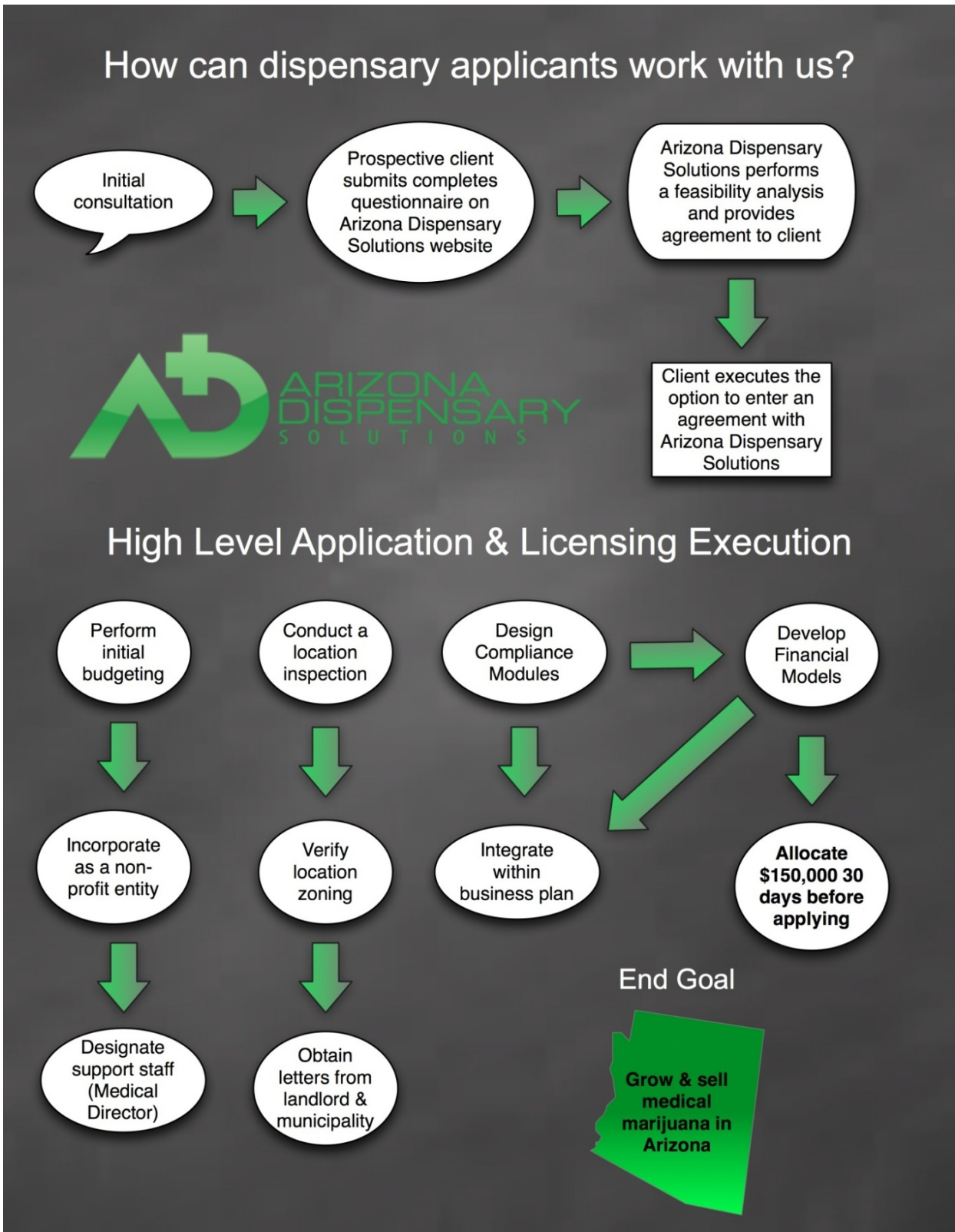
Pricing:

Our standard billing rate is \$150/hr. The below Statement of Work is an example of clients who are submitting multiple applications. It is safe to estimate about \$15,000 per application, but the price reduces substantially when submitting multiple applications as can be seen below.

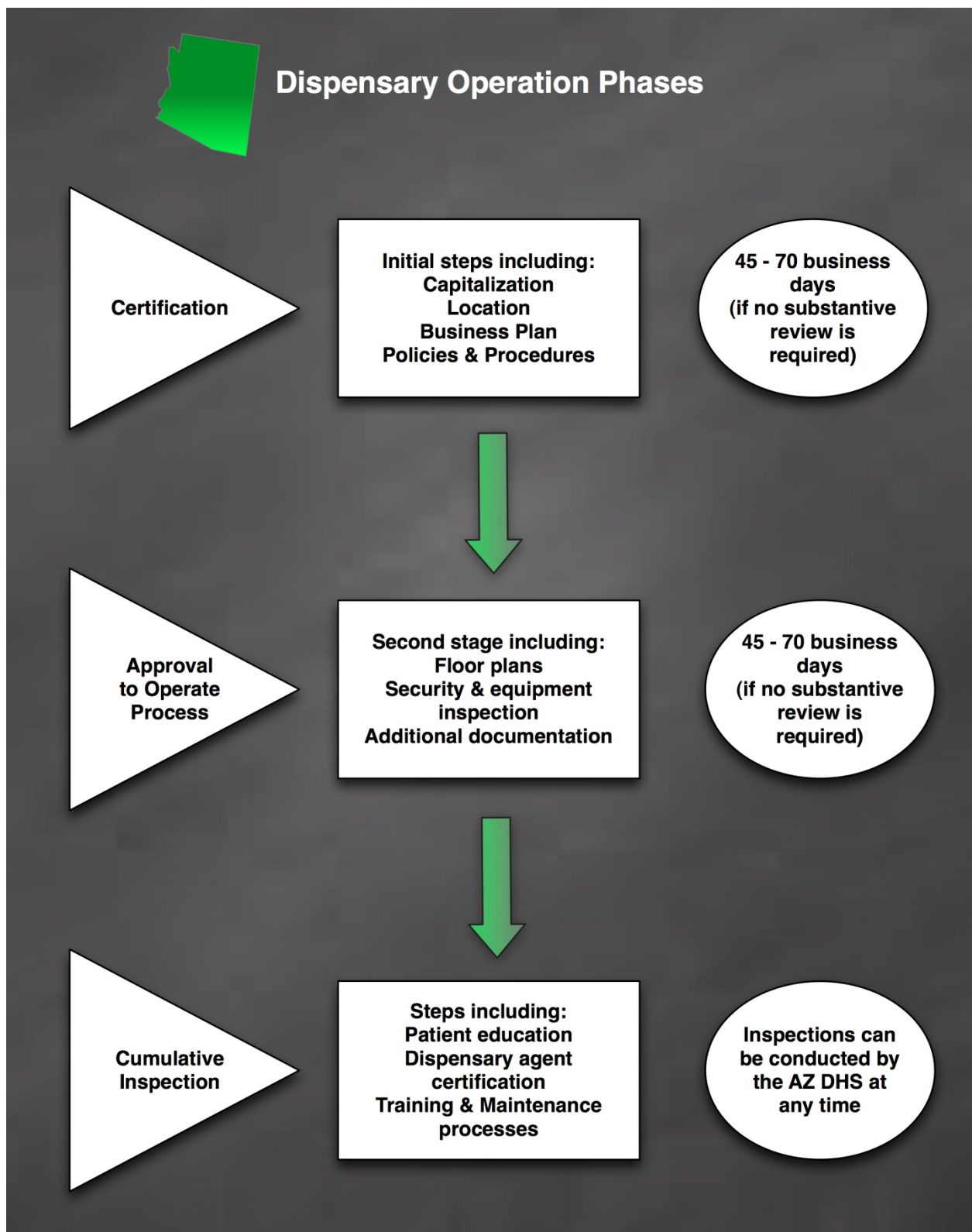
Estimate for 3 applications - 180 – 220 hours

Item description	Delivery schedule	Cost (estimate)
Incorporation	7-10 business days	10 hours/entity
Real estate assistance	April 2012	20 -30 hours
Written policies and procedures including: <ul style="list-style-type: none"> • Inventory tracking & control • Qualifying patient record-keeping • Security • Patient education and support 	April 2012	60 – 70 hours
Business plan	April 2012	20 – 30 hours
City permitting assistance	April 2012	40 – 50 hours
Consulting services	Ongoing	20 – 30 hours
Ongoing compliance	As needed	Hourly

High Level Workflow



The Different Phases



Application Compliance Modules



Your Next Step

Hire Arizona Dispensary Solutions to help you with the application process.



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