

**SOUTH DAKOTA
MEDICAL CANNABIS ESTABLISHMENT LOTTERY PROCESS**

I. PURPOSE

The medical cannabis establishment lottery is to be held on an as needed basis, when deemed necessary by the South Dakota Department of Health (DOH). The medical cannabis establishment lottery will be deemed necessary in the event that a local jurisdiction has enacted a limit on the number of medical cannabis establishments in that jurisdiction, and the number of eligible medical cannabis establishment applicants exceeds the number permitted in that jurisdiction.

These lottery guidelines have been established to ensure that each medical cannabis establishment lottery is conducted in an impartial and transparent manner, and that the integrity of the South Dakota Lottery is maintained at all times.

The Department of Health reserves the right to change and supersede any outlined procedures to handle unforeseen circumstances.

II. NECESSITY OF A MEDICAL CANNABIS ESTABLISHMENT LOTTERY

- A. The medical cannabis establishment lottery will determine the medical cannabis establishment applicant(s) that will receive a medical cannabis establishment registration certificate. The number of applicants involved in the lottery and the number of applicants ultimately selected in each lottery will vary, due to the varying number of applicants in any given local jurisdiction and the local jurisdiction's local limit on the number of medical cannabis establishments.
- B. Prior to the determination of whether the medical cannabis establishment lottery is deemed necessary, the DOH will first score medical cannabis establishment applications pursuant to ARSD 44:90:03:15. The score assigned to each application will determine if the registration certificate(s) must be awarded pursuant to ARSD 44:90:03:16 (1), (2), and (3).
- C. Only in the circumstance that multiple medical cannabis establishment applicants tie for the highest score, as provided in ARSD 44:90:03:16 (4), shall the DOH deem the medical cannabis establishment lottery necessary.

III. LOTTERY DEEMED NECESSARY

- A. The DOH will designate the date and time of the lottery and will provide notice of the necessity of a lottery to the South Dakota Department of Revenue, Lottery Division (LOTTERY), the local jurisdiction affected by the lottery, any applicants who will be included in the lottery, and any other interested persons at least seventy-two (72) hours prior to the time set for the lottery. DOH will provide for a

livestream of the lottery for public viewing and permit the public to attend the lottery in person if desired.

- B. The DOH will provide to LOTTERY each of the applicant business names and the number of permitted establishments per establishment type for the local jurisdiction. The procedures described below will be repeated if necessary/applicable for each establishment type that requires a lottery.
- C. The DOH will list the applicant business names in alphabetical order and assign a number to each applicant starting with 1 for the first applicant in alphabetical order and so forth until each applicant has been assigned a number.
- D. The LOTTERY random number generator will be used to generate a series of numbers using the same numbers that were assigned to the establishments.
- E. The establishment applicants will then be linked to the number that they were originally assigned, in the order that the numbers were generated. Registration certificates will be awarded to the establishments beginning on the left side of the array of numbers. Moving right, the limit established by the local jurisdiction will determine how many certificates are issued.

Example: There are 12 establishment applicants in a jurisdiction that allows 5 establishments. The random number generator produces the following sequence of numbers, from left to right: 7 4 12 3 9 10 2 5 6 1 8 11. The successful establishment applicants who will be awarded a registration certificate are the establishments previously assigned the numbers 7, 4, 12, 3, and 9. The remaining applicants will be placed on a waiting list for that jurisdiction and will be ranked in the following order: 10, 2, 5, 6, 1, 8, 11. The establishment applicant assigned number 10 will be first on the waiting list, and establishment 11 will be last on the waiting list.

IV. DRAWING PROCEDURES

- A. The LOTTERY Drawing Manager, Drawing Security Officer, and Drawing Auditor shall conduct the Medical Cannabis Establishment Lottery that includes all the eligible entries.
- B. The Drawing Manager, in the presence of the Drawing Security Officer and the Drawing Auditor, shall conduct the lottery using the following process:

- Check Seals on the RNG Draw Machine
- Boot up RNG Draw Machine

- Drawing Manager Logs in to RNG Draw Machine
- Enter Name of Drawing Security Manager
- Enter Drawing Parameters
- Enter Auditor Name
- Perform Self-Test on RNG Draw Machine
- Pick Draw
- Print Report
- Log off RNG Draw Machine

The Drawing Security Officer shall match the winning entries selected by the RNG to the entries' corresponding numbers from the alphabetized list of establishment applicants provided by DOH. The Drawing Security Officer shall then match the remaining establishment applicants to be used as a ranked waiting list for the respective jurisdiction's registration certificates.

- C. The Drawing Security Officer shall record the medical cannabis establishment applicants who will receive a registration certificate and the remaining ranked wait list onto an official results form, which will then be delivered to the DOH official in attendance immediately following the conclusion of the drawing. The DOH official will certify that the official results form is a true and accurate representation of the Medical Cannabis Establishment Lottery.

V. STORAGE, TRANSPORTATION AND SECURITY OF DRAWING EQUIPMENT

- A. When not in use, the drawing equipment shall be kept in a secured area.
- B. When not in the secured area, the drawing equipment shall be under the control of LOTTERY security personnel.
- C. Drawing equipment will be moved, serviced, or otherwise handled only by those persons authorized by the LOTTERY Director of Security and Video Lottery or designee.

**Approval of Entry and Drawing Guidelines for
Medical Cannabis Establishment Lottery**

I attest I have reviewed these Medical Cannabis Establishment Lottery guidelines and approve of their issuance as shown in this document.



Geno Adams, Medical Cannabis Program Administrator
South Dakota Department of Health

1/26/2022

Date

**Certification of Drawing Equipment for
Medical Cannabis Establishment Lottery**

I attest that I examined and tested the RNG thirty (30) minutes prior to commencement of the lottery and within thirty (30) minutes after the drawing and found the equipment to be in proper working order.

Drawing Security Officer  Date 1-26-22

Drawing Manager  Date 1-26-22

Drawing Auditor  Date 1-26-22

**Certification of Results for
Medical Cannabis Establishment Lottery**

Name of Local Jurisdiction: City of Yankton

Type of Establishments in drawing: Dispensary

Number of Allowable Establishments in the Local Jurisdiction: 2

Total Number of Lottery Entries: 5

Assigned number (game spot associated with the dispensary, in alphabetical order):

1. Compassionate Care, LLC
2. Genesis Farms, LLC
3. Green Machine
4. River City Cannabis
5. ZAZA 605

The results of the Medical Cannabis Establishment Lottery conducted on January 26,
2022 is as follows:

<u>Order</u>	<u>Name of Establishment Applicant</u>
#1	<u>2 Genesis Farms LLC</u>
#2	<u>3 Green Machine</u>
Alternate #3	<u>4 River City Cannabis</u>
Alternate #4	<u>5 Zaza 605</u>
Alternate #5	<u>1 Compassionate Care, LLC</u>

I attest I personally witnessed the above-referenced Medical Cannabis Establishment Lottery and the results as described herein are true and accurate to the best of my knowledge.



Geno Adams, Medical Cannabis Program Administrator
South Dakota Department of Health

1/26/2022

Date