

RFI NO. SA000024-17: State Bank / Public Bank Feasibility Study Questions / Answers

Questions submitted by Oliver Wyman

Question 1

The Working Group paper refers to a “Public financial institution or a bankers’ bank or corporate credit union” while the RFI refers to “Public Banks or a State-backed Financial Institution”; does the RFI scope include a banker’s bank or corporate credit union as State-back Financial institution?

Answer: The RFI scope includes, but is not limited to, a banker’s bank or corporate credit union.

Question 2

As a new vendor to the State of CA, what registrations or contract requirements, if any, will be needed to bid on an RFP if the feasibility study moves forward (e.g., CMAS)?

Answer: At this point we do not plan to use the California Multiple Award Schedule (CMAS) for any future solicitation. Vendors who are Small Business (SB) or Disabled Veteran Business Enterprise (DVBE) certified with the State of California may receive an incentive during the evaluation process of a future solicitation, but currently there are no plans to make it a requirement to be certified. In addition, the minimum qualifications we may potentially include in our Request for Proposals (RFP) would relate to being certified to do business in California. This will require vendors to provide a copy of their California business license.

Questions submitted by Chakra Advisors

Question 3

Has the State of California considered creating an agency that would certify cannabis businesses as “compliant” such that they meet current and future federal guidelines?

Answer: Not that we are aware of.

Question 4

Would the compliance function of certifying cannabis businesses be done by a separate organization?

Answer: Not that we are aware of.

Question 5

If so, would this eliminate the need for a public or state-backed financial institution?

Answer: Not in our opinion

Question 6

Has the State of California sized the market (recreational, medical, and illegal) and have reasonable estimates of the potential future market size?

Answer: Conservative estimates suggest that the market could grow to \$7 billion annually in the next few years. For more information regarding projections about the cannabis industry in California, this analysis of Proposition 64 by the Legislative Analyst's Office may be helpful: <http://www.lao.ca.gov/BallotAnalysis/Proposition?number=64&year=2016>

Question 7

What is the proposed length of the study?

Answer: As to time, this is part of the information we are seeking in the RFI. As to volume, whatever it takes.

Question 8

What are the policy actions that the study would inform?

Answer: Regulatory, statutory and operations actions would have to be determined after the completion of the study.

Question 9

Would the scope of the study include other policy levers like the banking requirement imposed in Washington to pay state taxes?

Answer: This is the type of information that should be included in the response to the RFI. Educate us in what you think would be relevant in completing the feasibility study.

Question 10

Would all the questions and responses to the RFI be made public?

Answer: Yes, all questions and responses to the RFI will be made public.

Question 11

Would those that submitted RFI responses have an opportunity to discuss the issue with the Treasurer or his staff?

Answer: We have not made a decision on that, however any such discussion would have to be held in compliance with state procurement rules.