

OPERATION PLAN

The purpose of the Cultivation Business includes facilitation and/or coordination of the cultivation of marijuana and the legal distribution to licensed California not for profit collectives and cooperatives. The Cultivation Business is committed to the highest ethical standards, patient safety, and transparency in our operations and business practices.

The key objectives of the Cultivation Business are to:

- Facilitate and/or coordinate the cultivation of medical marijuana as lawfully permitted under the laws of the State of California;
- Reduce the barriers and improve access to medical cannabis and its potential benefits.

IMPLEMENTATION STRATEGY

The Cultivation Business will use state of the art cultivation practices to produce the highest quality medical cannabis

- A skilled and knowledgeable staff;
- A professional clinical setting;
- Product variety;
- Quality control;
- Support Services;

Our staff, facility, and operation will prioritize, lawfully the safe and careful implementation of the medical marijuana laws of the State of California, including the Compassionate Use Act of 1996, Medical Marijuana Program Act, Medical Cannabis Regulation and Safety Act (MCRSA), and the ordinances of Stockton Municipal Code as well as further regulate the safe and lawful distribution of marijuana to licensed collectives and cooperatives need of marijuana, in a manner consistent with all applicable laws.

Our staff, facility, and operation recognizes that patients and their primary caregivers who obtain, and use marijuana for medical purposes upon the recommendation of a physician should have reasonable and safe access to marijuana medical as provided for under the laws of the State of California. They should be able to trust that their medical marijuana is cultivated using best practices and are free from pesticides, mold and other harmful contaminants.

The compassionate cause of medical cannabis is served by reminders of the counterculture or association with the image or ethos of the "stoner." Our atmosphere will be designed to

move medical cannabis away from any association with the counterculture or even with the casualness of uninformed home cultivation and focus attention on its scientific and medical legitimacy. In keeping with this, our Cultivation Business will maintain the professional look and focus of a medical services clinic, and the fact that our products are scientifically cultivated and tested will be the key element in our strategy on which we plan to build public awareness of our "brand."

Variety or Products

Different strains of cannabis have different therapeutic and palliative effects, some offering relief from a given condition more than others. Furthermore, members with serious medical conditions, such as those with wasting syndrome or undergoing chemotherapy for cancer, have very specific tolerances, intolerances, and idiopathic reactions to medication. By offering collectives a variety of cultivated cannabis strains they are able to customize precise treatment options, which is why it is critical that we provide as wide a variety of products, including strains of medical cannabis.

ORGANIZATION

For Profit Cultivation

Until the state of California issues cultivation permits in 2018 we must operate in conjunction with legal California collectives. In order to do this, we use "Collective Pooling Agreements" These agreements allow cultivation sites like ours to cultivate medical cannabis on behalf of the collective or cooperative. In doing so, we charge the collective a fee for our cultivation services. The collective/cooperative engages the Medical Marijuana Cultivation Horticultural Consultant and the Horticultural Consultant accepts an engagement with the Client to render the consulting services and perform tasks for the Client. During the term of this Agreement, the Horticultural Consultant shall devote such of his time, attention and abilities to the engagement as may be necessary for the proper exercise of the Horticultural Consultant's duties hereunder. Nothing in this Agreement shall be interpreted or construed as creating or establishing a relationship of employer and/or employee between the Client and Horticultural Consultant.

The obligations and duties to be performed by the Horticultural Consultant under this Agreement shall be performed by persons qualified to perform such duties efficiently, but does not mean that the person performing those duties must be a licensed or a registered professional.

Non-Exclusive Engagement. The Client acknowledges that the Horticultural Consultant shall also be entitled to render services to others during the term hereof.

Organizational Compliance: Closed-Loop Operations

In organizing the Cultivation Business, we have made efforts to prevent cannabis diversions, and to comply with all applicable laws, including state and local laws.

To ensure lawful operation, The Cultivation Business will:

- Not distribute and/or sell cannabis to anyone except licensed California collectives/cooperatives;
- Comply with permissible reimbursements and allocations requirements;
- Provide adequate security to ensure patient safety and prevent the negative impact of any nuisance to surrounding homes and businesses;
- Keep accurate records;
- Comply with possession and cultivation guidelines;
- Obtain necessary business licenses/permits and pay required sales taxes.

The Cultivation Business will operate as a closed-loop in which cannabis is cultivated, processed, acquired, distributed. All transactions will be internal to the Cultivation Business and involve only licensed collectives. All monies tendered will be for the sole purpose of reimbursing the costs of products and services provided, as well as the overhead costs of operating the cultivation business and any consulting fees and lease fees.

Transparency and Oversight

To ensure transparency of our operations and easy verification and documentation that we are operating within the limits set for a Cultivation Business and that our operations forms a closed loop with no outside diversify or acquisition, we will enforce strict oversight procedures regarding staff, facility access, operations, and documentation of compliance.

The Cultivation Business will verify all staff' medical cannabis recommendations and medical cannabis identification cards, and track when they expire so all credentials are always legal and valid.

- All staff must have a valid form of government-issued photo ID that matches their medical cannabis recommendation or ID.
- All staff must show proof of State residency.
- Any Staff who is caught diverting cannabis or using marijuana for a non-medical use will be terminated.

Verification. Paperwork Tracking

Verification

The State of California allows members and their designated caregivers to enroll in a voluntary state or local medical cannabis patient ID program that provides them with a government-issued card identifying them as legally-qualified medical cannabis users or

caregivers. These medical cannabis ID cards allow for easy verification of the cardholder's current eligibility status through a telephone or electronic verification system that dispensaries and law enforcement can access. To be eligible for employment in the Cultivation Business, we will verify a prospective employee as follows:

- The individual's identity must be verified by a form of government-issued photo ID (separate from any medical cannabis ID):
- The individual must present proof of State residency

In order to become an employee, every applicant must present his or her physician's recommendation for the use of medical cannabis, regardless of whether the applicant possesses a medical cannabis ID card issued by the State of California. The physician's recommendation must be an original, not a photocopy. Upon presentation of the physician's recommendation, the Cultivation Business will verify the physician's license to practice medicine in the State of California and the recommendation.

If the prospective employee presents a California State Medical Cannabis ID Card (MMIC), the validity of the card is checked electronically or by phone. Subsequently, the employee will not have to re-present his or her physician's recommendation at the time of each visit as long as he or she presents the medical cannabis ID card and it is found to be valid by the verification system.

If all verifications are in order, the applicant is eligible to be apply to work for the Cultivation Business. The applicant must still complete the employment Application and agree to the cultivation rules and agree to abide by the bylaws as well as register with the Stockton Police Department and undergo all applicable background screening as required by the city ordinance.

Paperwork (Bylaws, Rules and Requirements)

The prospective employee must attest in writing (by their signature) that they agree to abide by the Cultivation Businesses Bylaws, rules and requirements.

Tracking

The Cultivation Business will keep accurate records of all transactions, whether cash or otherwise.

All books, records, and accounts, will be maintained to comply with applicable laws and regulations.

Tax Compliance and Accounting

The Cultivation Business will comply with local, state, and federal tax requirements. We are well aware of the unique federal tax implications for medical cannabis businesses, and have consulted with appropriate professionals to ensure full compliance with the Internal Revenue Service's treatment of medical marijuana.

Insurance

The Cultivation Business has obtained the required commitments necessary for insurance coverage, including general aggregate, products complete operations, personal and advertising injury, per occurrence, and medical payment coverage.

MANAGEMENT AND GOVERNANCE

Responsibility of Managers

Managers are those individuals who are members of a medical marijuana Cultivation Business and who, directly or indirectly, are engaged in the management of the medical marijuana Cultivation Business as may be evidenced by the individual member being responsible for the establishment, organization, registration, supervision, or oversight of the operations of the Cultivation Business and/or its members, which oversight may include but not be limited to the following: performing the functions of President, Vice President, Board Member, Director, or Owner.

Qualifications of a Manager

The Cultivation Business will not have any Manager who:

1. Is on parole or probation for the possession, sale, manufacture, distribution or transportation of a controlled substance;
2. Has been convicted of a crime of moral turpitude,
3. Has been convicted of any misdemeanor or felony within the last ten (10) years involving the following:
 - (a) The use violence, force, fear, fraud or deception;
 - (b) The unlawful possession, sale, manufacture, use, distribution or transportation of a controlled substance;
 - (c) The use of money to engage in criminal activity.
4. Is not 21 years of age or older.

Management Functions

Subject to the provisions of the General Corporation Law [California Corp. Code §§ 100-23191 and any limitations in the articles relating to action required to be approved by the members, the business and affairs of the Cultivation Business will be managed, and all corporate powers will be exercised by, or under the direction of the Board of Directors.

The Board, by resolution adopted by a majority of the authorized number of directors, may

designate committees, each consisting of two or more directors, to serve at the pleasure of the board. Any such committee, to the extent provided in the resolution or in the bylaws, will have, all the authority or the board except with respect to the matters specified in *Corp. Code Section 311*.

Officers

The Cultivation Business will have a Chief Executive Officer, a Secretary, and a Chief Financial Officer. The Chief Executive Officer will also be the Chairman of the Board, unless there is a President and that office is occupied by someone else, and will be the general manager of the Cultivation Business. The Chief Executive Officer has the general supervision, direction, and control of the business and the officers of the Cultivation Business. The chief executive officer has the authority to execute contracts and other documents on behalf of the Cultivation Business.

The officers are chosen by the Board and serve at the pleasure of the Board, subject to the rights, if any, of an officer under a contract of employment. Any officer may resign at any time on written notice to the Cultivation Business without prejudice to the rights, if any, of the Cultivation Business under any contract to which the officer is a party.

Security Manager

The Cultivation Business will have a Security Manager. The Security Manager will have oversight responsibility for the implementation of the Security Plan. As the person, responsible for implementation, the Security Manager will also serve as a liaison with law enforcement, as may be required. In addition, the Security Manager will have oversight responsibility to review and update the Security Plan on a regular basis to ensure the Cultivation Business', continued compliance with security aspects to the applicable laws of the State of California, and Stockton Medical Marijuana Ordinance.

Managers

The Cultivation Business will have one or more Managers responsible for receiving, logging, and responding to complaints regarding the Cultivation Business

The Cultivation Business will have one or more Managers designated as on-site representative who will be present during all hours of the Cultivation Business's operation,

A List of Managers and their responsibilities, including a list of all Managers responsible for receiving, logging, and responding to complaints regarding the Cultivation Business, as required by *Stockton Municipal*, and all Managers designated as an on-site representative; is attached

PRODUCTS AND SERVICES

The Cultivation Business will only allow medical marijuana or plants, on a per member

basis, to be cultivated at, the Cultivation Business, in the amount provided for under state law.

Product Safety

The purpose of product safety protocols is to ensure that our medical cannabis is:

- Free of pests and microbiological contaminants, toxins, pesticides and non-organic nutrient residues;
- Medicinally potent; and
- Properly labeled.

OPERATIONS

The Cultivation Business designates the Sole Cultivation Location for its operation's to be located at the site registered with the City of Stockton

The hours of operation of the Cultivation Business will be from 7:00 A.M. to 8:00 P.M., 7 days a week, or less.

Rules and Regulations

The Cultivation Business has adopted a set of Rules and Regulations for operations. The set of Rules and Regulations are submitted herewith.

Cultivation Access

Cultivation Access will be controlled as set forth in the Security Plan submitted herewith.

Cultivation Production

The cultivation of cannabis will be controlled as set forth in the Cultivation Plan submitted herewith.

Non-Diversion: Inventory Control

Part of our manufacturing process tracks and secures each individual plant through the entire production process, that is, from the seed to sale.

Record Keeping

Required Records

The Cultivation Business will maintain complete records regarding the amount of medical marijuana cultivated, produced, harvested, stored or packaged at its cultivation site. The Cultivation Business will maintain complete records regarding medical marijuana transfers from the Cultivation Business's cultivation site to collective we work with,

including the date and time of the transfer as well as the amount, form, and type of marijuana strain(s) transferred.

The Cultivation Business will maintain, for a period of five years, at the premises, and in a fireproof safe

- I. The name, address, and telephone number(s) of the owner, landlord and/or lessee of the location;
2. The following information concerning each employee of the Cultivation Business:
 - a. Name and a confidential member number unique to that individual
 - b. A copy of the employee valid government issued photo Identification Card or license:
 - c. A copy of the employee California Medical Cannabis (MMIC) identification card and/or the physician's recommendation for the employee;
 - d. The date the employee joined the Cultivation Business: and
 - e. "the nature of the employee participation in the Cultivation Business cultivation of medical marijuana;
3. All receipts of the Cultivation Business, including but not limited to all contributions and all expenditures incurred by the Cultivation Business for the cultivation of medical marijuana.
4. An up-to-date log documenting each transfer of medical marijuana reflecting the amount provided, the form or product category in which the medical marijuana was provided, the date provided, the time provided and the collective to whom it was provided.
5. An up-to-date log documenting the date, time, nature, and response by the Cultivation Business to all complaints received by the Cultivation Business pursuant Stockton Medical Marijuana Ordinance
10. A copy of the annual reports required pursuant Stockton Medical Marijuana Ordinance; and
11. Proof or completed registration with the City Manager in conformance with the Stockton Medical Marijuana Ordinance,

Such records will be made available by the Cultivation Business to the City Manager and any City official charged with enforcing the provisions of the Stockton Medical Marijuana Ordinance. At the request of the City Manager, all such records required will be made available in standard electronic format which will be compatible with Microsoft Office programs and which can easily be imported into either Excel, Access, or any other contemporary software program designated by the City Manager. In addition to all other Journals that the Cultivation Business may maintain, all such records required will be stored by the Cultivation Business at the Location in a printed format in a fireproof safe or in an unalterable electronic format with a documented system for regular information backup that

is satisfactory to the city manager.

A log of complaints and other inquiries regarding the Cultivation Business will be maintained in accordance the Stockton Medical Marijuana Ordinance.

The Cultivation Business will keep, or cause to be kept, a true and correct copy of the Zoning Code Verification Certificate issued by the Director for that Medical Marijuana Cultivation Business and for any Medical Marijuana Cultivation Business, Cultivation Site Only, in legible condition, on the premises of that Medical Marijuana Cultivation Business and on the premises of any Medical Marijuana Cultivation Business, Cultivation Site Only. The Cultivation Business will present, or cause to be presented, the copy of its Zoning Code Verification Certificate to a City police officer or City code enforcement officer who is at the site of the Medical Marijuana Cultivation Business immediately upon request.

Audits

Pursuant to Stockton Municipal Code, every year, each Cultivation Business will file with the City Manager an audit of its financial operations for the previous calendar year. The audit will include but not be limited to a discussion, analysis, and verification of each of the records required to be maintained pursuant to rules of the Stockton Medical Marijuana Ordinance. The information contained in the audit will be made available in standard electronic format which will be compatible with Microsoft Office programs and which can easily be imported into either Excel, Access, CH' any other contemporary software program designated by the City Manager.

Inspection and Enforcement

The Chief of Police and any other City official charged with enforcing the provisions of the Stockton Municipal Code will be permitted to lawfully enter the Cultivation Business location at any time during the hours of operation, without notice, to inspect the location of any Cultivation Business as well as the recordings and records maintained pursuant to Stockton Medical Marijuana Ordinance, obtain samples of the medical marijuana to test for law enforcement and/or for public safety purposes.

At all other times (i.e. not during regular business hours), the Chief of Police and any other City official charged with enforcing the provisions of this Stockton Municipal Code will be permitted to lawfully enter the Cultivation Business to obtain samples of medical marijuana upon reasonable notice.

Member Confidentiality

Nothing herein is intended to require the disclosure of any qualified patient-member's private medical records.

Nothing herein is intended to require, to the extent required by law, disclosures and member record-keeping in violation of the Cultivation Business's, or any members, right of privacy as recognized by the California and United States Constitutions.

To the extent required by law, member record-keeping will be HIPAA-compliant.

Reporting

In addition to reports indicated above (reports to members and audits), as required by Stockton Medical Marijuana Ordinance, the Cultivation Business will report:

Change of Locations and Updated Information

Any time the Cultivation Business changes its dispensing or cultivation location or premises, it will re-register with the City Manager under the process set forth in the Stockton Medical Marijuana Ordinance, and pay any required fees for the re-registration.

Within fifteen (15) calendar days of any other change in the information provided in the registration form or any change in status of compliance with the provisions of the Stockton Medical Marijuana Ordinance, including any change in the Cultivation Business's ownership or management members, the Cultivation Business will file an updated registration form with the City Manager for review along with a Registration Amendment Fee, as set forth by the Stockton Medical Marijuana Ordinance.

Reports to Law Enforcement

The Cultivation Business will immediately report to the Chief of Police, any violations of State or local law or conditions which the on-site designated representative knows, or reasonably should know, exist on the premises and at the location and could result or have resulted in harm or imminent threat of harm to the health, safety or general welfare of any person or member of the public. The Cultivation Business will immediately report to the Chief of Police, the County Health Department, and members of the Cultivation Business any information indicating that a member experienced an adverse reaction to, or other difficulty related to, any medical marijuana procured from the Cultivation Business.

PROPERTY MAINTENANCE

The Cultivation Business will keep the premises and location in a clean and safe condition by, at a minimum, performing all of the following tasks:

- A. Properly remove and store all trash, litter, rubbish and debris on the premises and location at the end of each business day.
- B. Properly dispose of all trash, litter, rubbish and debris from the premises and location.
- C. Remove graffiti placed upon the premises and location within forty-eight hours of its occurrence.
- D. Keep driveways, sidewalks, park strips, fire access roads and streets on or adjacent to the premises and location clear and clean.
- E. Provide lighting on the premises and location to ensure the safety of the public

and the employees of the Cultivation Business; and

- F. Otherwise operate in a manner that does not create or result in any significant adverse impacts upon its premises and location or within three hundred (300) feet of the premises and location.

Performance Standards

The Cultivation Business will not conduct operation in a manner that creates or results in a public nuisance on the premises and location or within three hundred (300) feet of the premises and location, including but not limited to:

- A. Disturbance of the peace
- B. Illegal drug activity
- C. Public drunkenness
- D. Drinking in public
- E. Gambling
- F. Prostitution
- G. Sale of stolen goods
- H. Public urination
- I. Theft
- J. Assault
- K. Battery
- L. Acts of vandalism.

Compliance training will cover all municipal laws and requirements relating to cannabis. Obligations of the licensed cannabis Cultivation Business will be emphasized. Other topics may include the rules and regulations of the dispensary, sexual harassment training, effective interaction with law enforcement personnel, and the rights and responsibilities of medical cannabis members. The training will include at least one two-hour session with a licensed, subject-matter expert attorney who is a practicing member of the California State Bar.

Security Plan

Cultivation Security will be controlled as set forth in the Security Plan.

Fire Plan

The Cultivation Business recognizes that a prime motivation for regulating medical cannabis dispensaries is to protect the peace, health, safety, and welfare of the community from these types of problems. Electrical fires not only cause millions of dollars of property damage annually, but they also affect lives.

The Cultivation Business will:

- Comply with State and Local Fire Codes
- Go Beyond Code Requirements
- Ensure Electrical Safety
- Engage in Good Housekeeping and Site Maintenance
- Acquire Adequate Signs and Notification for Hazardous Materials

COMMUNITY ENGAGEMENT

The Cultivation Business seeks to be an asset and a beneficial resource for the surrounding community. As a good neighbor, the Cultivation Business will seek neighborhood and other necessary input.

The Cultivation Business is committed to strong public engagement and outreach to the community. Our community outreach has three goals: (i) to establish a process by which the community can express itself regarding the project; (ii) to inform the community about medical cannabis issues; and (iii) to ensure that our approach genuinely reflects the community's needs.

ATTACHMENTS

1. Management Plan • list of Managers and their responsibilities, including a list of all managers responsible for receiving, logging, and responding to complaints regarding the Cultivation Business, as required by Stockton Municipal Code and all managers designated as an on-site representative.
2. Security Plan -- including information pertaining to security personnel and Emergency Response Plan
3. Rules and Regulations
4. Cultivation Plan
5. Odor Management Plan