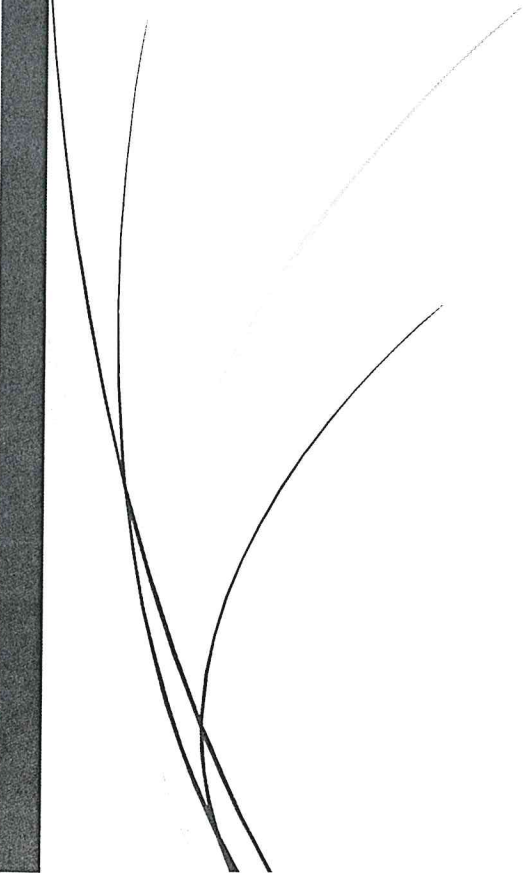


OPERATIONS PLAN

Trent Sanders



Operations Overview

Applicant plans to operate an indoor mixed-light cannabis operation consisting of ~~22,000~~ square feet of canopy located within permanent greenhouses, as well as an outdoor cultivation operation consisting of hoop structures that will equal a combined 43,560 square feet. The Parcel is located within the RL zone, and is 161 acres.

Hours of operation will be from 5:00 AM to 6:00 PM seven days a week. Employees will work in two shifts, with 6 working from 5:00 AM to 1:00 PM, and another 6 working from 10:00 AM until 6:00 PM.

Legal Conformance

The Applicant's legal conformance with local laws, the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) and the Attorney General's Guidelines is footnoted in detail throughout this application packet. The Applicant has retained expert legal counsel¹ to advise its operation on its conformance not only during inception and startup, but on an ongoing basis, as the legal and regulatory environment surrounding cannabis is ever expanding and changing.

Some of the key legal conformance standards include:

- Compliance with local licensing applications and processes, governed by San Luis Obispo County;
- Compliance with the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA");
- Compliance with the CalCannabis Cultivation Licensing Division of the California Department of Food and Agriculture, including regulations with respect to Cultivation licenses;
- Compliance with Calif. Business and Professions Code as indicated throughout this application (see citations to Bus. & Prof. Code sections); including guidelines regarding the licensing of cultivators, unique identifier and track and trace program, taxation, reporting, and privacy.
- Regularly updated compliance with California's evolving case law.

¹ Trent Sanders' attorney, Todd Winter, has over ten years of experience working in the medical cannabis industry following his seven years as General Counsel to Kittrich Corporation.

The facility will be a drug-free workplace. The Applicant will explicitly prohibit the use, possession, solicitation, or sale of drugs and alcohol on the premises or during employment. Management may request employees to undergo random drug testing at any time upon suspicion of being under the influence.

Moreover, the Applicant has worked to build, and intends to continue building, an open and collaborative relationship with San Luis Obispo County, and views meticulous recordkeeping as one of the many ways to demonstrate compliance. To this end, the Applicant will provide the City with full access to all books, records, accounts, and any and all relevant data upon request, within 24 hours. All records related to cannabis activity will be kept for a minimum of seven years.²

Accurate counts of inventory that accurately describe the location, amounts, and description of medicinal cannabis throughout the production and distribution chain will be tracked in real time and continuously maintained with seed to sale tracking software. The manager will perform an inventory check on the first business day of each month and record the total quantity of cannabis on the premises, as well as match transaction receipts to the recorded amounts to verify and resolve any discrepancies.

State and federal reporting and taxation of income received will be handled by an independent certified public accountant. These measures will track the movement of cannabis and prevent diversion to illegal markets.

² Cal Bus & Prof Code §19327

Safety and Security Plan

The location, size, and layout of the facility is the primary line of defense against the unauthorized entrance into areas containing medicinal cannabis because access by anyone to the property is severely restricted. The facility is located on a largely isolated property, located about three miles southeast of the Lake San Antonio dam. The cannabis cultivation operation sits on a parcel that is over 167 acres in size. The parcel is bordered on two sides by Camp Roberts Military Base, and on the other two sides by largely undeveloped parcels that are 139 and 191 acres in size, both of which share common ownership with the Applicant. Due to the surrounding topography, the cannabis cultivation operation is not visible to the public from neighboring properties. The only vehicle access to the property is by a private road that is almost two miles in length and that features three separate locked gates.

The following Security and Safety Plan specifically addresses the various physical and procedural measures taken to ensure that the premises remain safe and secure.

Waste Management

- I. **Cannabis Waste Management.** Applicant will adhere to the following regulations when disposing of cannabis waste:
- A. **Cannabis Waste Defined.** “Cannabis Waste” is defined as organic waste.³
 - B. **Hazardous Waste.** Applicant will manage all hazardous waste in compliance with all applicable hazardous-waste statutes and regulations.⁴
 - C. **Waste Receptacles and Secured Areas.** Personnel will dispose of cannabis waste in secured waste receptacles or in secured areas on the premises.
 - D. **Restricted Access to Secured Areas.** Secured areas will be restricted to Applicant, employees of the Applicant or by the local agency or local agency franchised or contacted waste hauler only.
 - E. **No Public Access.** Public access to these designated receptacles or areas is strictly prohibited.
 - F. **Composting Waste on Premises.**⁵ Applicant will dispose of Cannabis Waste through onsite composting, and will do so pursuant to the California Code of Regulations.
 - G. **Track and Trace System.**⁶ Personnel will use the track-and-trace system and all documents required to ensure that cannabis waste is:
 - 1. Identified,
 - 2. Weighed, and
 - 3. Tracked while on the premises and when disposed of.
 - H. **Waste Records.** Personnel will maintain accurate and comprehensive records regarding cannabis waste that account for, reconcile and evidence all activity related to the disposal of cannabis waste.
- II. **Non-Cannabis Waste.** The cultivation operations will generate only ancillary Non-Cannabis waste. All such waste will be collected and hauled by applicant to a local waste facility on an as needed basis.

³ Definition of “Cannabis Waste” is pursuant to Section 42649.8(c) of Public Resources Code.

⁴ Definition of “Hazardous Waste” is pursuant to Section 40141 of Public Resources Code.

⁵ See Title 14 of the California Code of Regulations at Division 7, Chapter 3.1 (Section 17850).

⁶ See page 6 for all additional track-and-trace system requirements.

General Environmental Protection Measures

- I. **General Environmental Protection Measures.** Applicant will comply with the following environmental protection measures:
 - A. **Water Code.** Applicant will adhere to the Principles and Guidelines for Cultivation pursuant to Section 13149 of the Water Code.
 - B. **California Department of Fish and Wildlife (“CDFW”).** Applicant will adhere to CDFW’s regulations regarding the diversion of water and land clearing such as:
 - Timber conversion,
 - Road construction,
 - Stream crossings,
 - Riparian vegetation removal, and
 - Introduction of pollutants into waterways and other habitats.
 - C. **Department of Pesticide Regulations (“DPR”).⁷** Applicant will comply with all laws and regulations as enforced by the DPR.
 1. **Application and Storage Protocols.** When using pesticides, Personnel will:
 - Properly label all pesticides;
 - Store chemicals in a secure building or shed to prevent access by wildfire;
 - Contain any chemical leaks and immediately clean up any spills;
 - Apply the minimum amount of product necessary to control the target pest;
 - Prevent offsite drift;
 - Not apply pesticides when pollinators are present;
 - Not allow drift to flowering plants attractive to pollinators;
 - Not spray directly to surface water or allow pesticide product to drift to surface water;
 - Spray only when wind is blowing away from surface water bodies;
 - Not apply pesticides when they may reach surface water or groundwater;

⁷ Compliance with pesticide laws and regulations as enforced by the DPR pursuant to Section 8307 of the Emergency Regulations.

- Only use properly labeled pesticides.

D. **Lighting Requirements.** Applicant will adhere to following lighting requirements:

1. **Outdoor lighting.** All outdoor lighting used for security purposes will be shielded and downward facing.
2. **Greenhouse Lighting.** Mixed-light license types of all tiers and sizes will ensure that lights used for cultivation are shielded from sunset to sunrise to avoid nighttime glare.

E. **Generator Requirements.**⁸ Applicant will adhere to following requirements regarding the use of generators on the premises.

1. **Generator Defined.** A generator is defined as a stationary or portable compression ignition engine.⁹
2. **Generator Types.** Generators rated at **fifty (50) horsepower and greater** will demonstrate compliance with Airborne Toxic Control Measures.¹⁰ Compliance will be demonstrated by providing a copy of one of the following to the CDFA upon request:
 - A Portable Equipment Registration Certificate provided by the California Air Sources Board, or
 - A Permit to Operate obtained from the Local Air District with jurisdiction over the licensed premises.
3. **Meters.** All generators will be equipped with non-resettable hour-meters.

F. **Discovery of Human Remains.**¹¹ Personnel will immediately halt cultivation activities if human remains are discovered on the premises until the coroner of the county in which the human remains are discovered.

1. **Two-Day Notice.** The coroner will make his or her determination within two working days from the time the person or representative responsible for the excavation notifies the coroner of the discovery.

⁸ Requirements for generators are pursuant to Section 8306 of the Emergency Regulations.

⁹ The definition for “generator” is pursuant to Title 17, Division 3, Chapter 1, Subchapter 7.5, Section 93115.4 of the California Code of Regulations.

¹⁰ Pursuant to Title 17, Division 3, Chapter 1, Subchapter 7.5, Sections 93115 through 93116.5 of the California Code of Regulations.

¹¹ These determinations are made pursuant to Section 7050.5 of Health and Safety Code.

Track and Trace System

I. Track-and-Trace System Requirements.

- A. **Record Cannabis Activities.** The track-and-trace system shall be used to record all applicable commercial cannabis activities.
 - 1. **Accuracy and Completeness.** Applicant is responsible for the accuracy and completeness of all data and information entered into the track-and-trace system. Data entered into the system is assumed to be accurate and can be used to take enforcement action against the Applicant if not corrected.
- B. **Authorized Personnel and System Access.** Only authorized Personnel shall enter commercial cannabis activities into the system.
 - 1. **Account Managers.** Applicant will designate a representative within the organization as the Applicant's legal track-and-trace account manager ("Account Manager").
 - 2. **Training.** The Account Manager must complete track-and-trace system training as required by the CDFA. If the Account Manager does not complete the required training prior to receiving the annual license, he or she must register for the state mandated system training within five (5) days of the license issuance.
 - 3. **Designate System Users.** Applicant will designate track-and-trace system users and the Account Manager train the users in the proper and lawful use of the system before they are permitted access to it.
 - 4. **Changes in Personnel.** The Account Manager will maintain an accurate and complete list of all other Account Managers and users and will update the list immediately when changes occur.
 - 5. **Cancellation of Users.** Applicant will cancel users from the system account if that individual is no longer a representative.
 - 6. **Corrections.** Applicant will correct any data that is entered into the system in error within three (3) business days of discovery.
- C. **Loss of System Access.** If access to the track-and-trace system is lost, Applicant will prepare and maintain comprehensive records detailing all required inventory tracking devices conducted during the loss of access.
 - 1. **Access Restored.** Once access is restored, all inventory tracking activities that occurred during the loss of access will be entered into the system within three (3) business days.

2. **Date and Time.** Applicant will document the date and time when access to the system was lost and when it was restored and the cause for each loss of access.
3. **Halting Activities Until Access is Restored.** Applicant will not transfer cannabis or non-manufactured cannabis products to a distributor until access to the system is restored and all information is recorded into the system.

D. Account Manager and User Requirements.

1. **Log-On identification.** Each Account Manager and user will have a unique log-on, consisting of a username and password which may not be shared with anyone.
2. **No Misrepresentation of Information.** No Account Manager, user, or other representative will intentionally misrepresent or falsify information entered into the system.
3. **Notifications and Issues.** The Account Manager will monitor all system notifications and may not dismiss them until all issues within the notification have been resolved within the specified timeframe.

E. System Reporting Requirements. Applicant will report the following in the track-and-trace system:

1. **Cannabis Transfers.** Account Manager(s) or users will report transfers of cannabis or non-manufactured cannabis products to other licensed entities prior to products' departure from the premises.
2. **Receipt and/or Rejection of Cannabis.** Account Manager(s) or users will report cannabis or non-manufactured cannabis products received or rejected from another licensee within twenty-four (24) hours of receipt/rejection.
3. **Changes in Cannabis.** The Account Manager or users will report in the system any change in the change in the disposition of cannabis plants on the licensed premises within three (3) business days of the change in the disposition. Changes in disposition of cannabis plants include but are not limited to:
 - Flowering;
 - Destruction or disposal;
 - Harvest;
 - Processing;
 - Storage; and
 - Packaging.

4. **Transfer Information.** The Account Manager or user will be required to record the following information for each transfer of cannabis or non-manufactured cannabis products to or products received from, other licensed premises:

- Name, business, address, and department issued license number of the *seller*;
- Name, business address, and department issued license number of the *purchaser*;
- Name and department issued license number of the *distributor*;
- Date of sale, transfer or receipt (month, day and year). This information applies to the *licensee receiving* the products.
- Weight or count of individual units of cannabis or non-manufactured cannabis products sold, transferred or received;
- Estimated departure and arrival time;
- Actual departure time;
- Description for each item including strain or cultivar, and all of the applicable information about the plant, flower, leaf, shake, kief, and pre-rolls;
- UIDs.

F. **Liabilities.** Applicant is responsible for all actions any representatives take while logged into system or otherwise conducting commercial cannabis activities.

Track and Trace Inventory Requirements and Procedures

- I. **Inventory Requirements in General.** Applicants will use the track-and-trace system for all inventory tracking activities at their licensed premises, including, but not limited to:
 - A. **Reconciling.** Personnel will reconcile all on-premises and in-transit cannabis or non-manufactured cannabis products inventories pursuant to the time frames defined by the CDFA.
 - B. **Recording.** Personnel will record the net weight of all harvested cannabis once the majority of drying, trimming and curing activities have been completed, or within sixty (60) calendar days from the initial harvest date, whichever is sooner.
 - C. **Closing Out Physical Inventory.** Personnel will close-out their physical inventory of all cannabis and non-manufactured cannabis products, and UIDs, if applicable prior to the effective date of any of the following changes to their license:
 1. Voluntary surrender of a temporary license or annual license,
 2. Expiration of annual license,
 3. Revocation of a license.
 - D. **Items to Close-Out.** Close-out of physical inventory includes, but is not limited to:
 1. Immature plants and their corresponding lot UIDs;
 2. Mature plants and their corresponding plant UIDs;
 3. Harvest batches and their corresponding UIDs;
 4. Non-manufactured cannabis products and their corresponding UID(s); and
 5. UIDs in Applicant's possession which have not been assigned in the track-and-trace system.
 - E. **Transfers and Sales.** All transfers and sales will be documented pursuant to following Sections:
 1. **Sales Invoice or Receipt Requirements.**
 2. **Track-and-Trace System Reporting Requirements.**

Track and Trace System Unique Identifiers

- I. **Unique Identifiers (UIDs).** Applicant will adhere to the following regulations regarding track-and-trace system unique identifiers:
 - A. **Requesting UIDs.** Within five (5) business days of the date the Account Manager(s) as credentialed by the CDFA to use the track-and-trace system, Applicant will:
 1. Request UIDs using the system;
 2. Only use UIDs provisioned and distributed by the CDFA or its designee;
 3. Maintain sufficient supply of UIDs in inventory to support tagging;
 4. Use the system to document receipt of provisioned and distributed UIDs within three (3) business days of physical receipt of the UIDs;
 5. Enter all cannabis into the track-and-trace system starting with seed, clone propagated onsite or purchased from a licensed nursery, or seeding purchased from a licensed nursery pursuant.
 - B. **UID Required Throughout All Phases of Growing Cycle.** The UID will accompany the cannabis products through all phases of the growing cycle as follows:
 1. **Immature Plants.** In regard to any immature plants, will:
 - Assign a UID to each established lot respectively;
 - Place the lot UID in a position so it is visible and within clear view of an individual standing next to the immature lot;
 - Keep all UIDs free from dirt and debris.
 - Not have more than one-hundred (100) immature plants, at any one time.
 - Label all immature plants contiguously with the corresponding UID number assigned to the lot in order to facilitate identification by the CDFA.
 2. **Transfer of Immature Plants.** Immature plants transferred from a licensed nursery, via a distributor, to Applicant will meet requirements of Section B1 above.
 - Each immature plant intended for retail sale shall have a UID affixed, or be labeled with corresponding UID number of the lot, and be recorded in the track-and-trace system prior to the transfer from the licensed nursery.

3. **Individual Plants.** Applicant will apply a UID to all individual plants at the time any plant is moved to the designated canopy area or when an individual plant begins flowering.¹²
4. **Mature Plants.** UIDs are required for each mature plant. In addition:
 - UIDs will be attached to the main stem, at the base of each plant;
 - The UID will be attached to the plant using a tamper evident strap or zip tie and placed in a position so it is visible and within clear view of an individual standing next to the mature plant to which the UID was assigned; and
 - UIDs will be kept free from dirty and debris.
 - Licensees are prohibited from removing the UID from the mature plant to which it was attached until the plant is harvested, destroyed, or disposed.
- C. **Harvest Batches.** Each harvest batch will be assigned a unique harvest batch name which will be associated with all UIDs for each individual plant, or portion thereof, contained in the harvest batch.
- D. **UIDs Required for Products.** UIDs are required for all cannabis and non-manufactured cannabis products and shall be associated with the corresponding harvest batch name from which the products were derived.
- E. **Retiring UIDs After Disposal.** Upon destruction or disposal of any cannabis or non-manufactured cannabis products, the applicable UIDs shall be retired in the system by Applicant within three (3) business days of the destruction or disposal and performed in accordance with Applicant's approved waste management plan.

¹² "Flowering" means that a cannabis plant has formed a mass of pistils measuring greater than one half inch wide at its widest point.

Track and Trace System Requirements for Product in Applicant's Possession at the Time of Annual License Issuance

I. System Requirements for Products in Applicant Possession When Annual License is Issued.

A. Assignment Within Thirty (30) Days. Within 30 business days of receipt of the UIDs ordered, Personnel will enter into the track-and-trace system and assign and apply a UID to:

- Each existing immature plant lot,
- Each individual mature plant, and
- All non-manufactured cannabis products physically located on the licensed premises.

B. Assignment after Thirty (30) Days. After the 30-day time frame referenced in subsection A above expires, all cannabis at the licensed premises will be entered into the track-and-trace system starting with:

- Seed,
- Clone propagated onsite or purchased from a licensed nursery, or
- Seeding purchased from a licensed nursery.

Records Retention

- III. **Records Retention in General.** The term “record” includes all records, applications, reports, or other supporting documents required by the CDFA.
- A. **Seven (7) Years Retention Period.** Personnel shall keep and maintain the records listed in subsection (D) for at least 7 years from the date the document was created.
 - B. **Easily Accessible.** Personnel will keep records in a manner that allows them to be provided at the licensed premises or delivered to the CDFA upon request.
 - C. **Subject to Review.** All records are subject to review by the CDFA during standard business hours, or at any other reasonable time or as otherwise mutually agreed by the CDFA and Applicant.
 - 1. **Standard Time.** Standard business hours are deemed to be 8:00am – 5:00pm (Pacific Standard Time).
 - 2. **Prior Notice Not Required.** Prior notice by the CDFA to review records is not required.
 - D. **Designated Records.** Personnel will maintain the following records on the licensed premises, including, but not limited to:
 - 1. CDFA issued cultivation license;
 - 2. Cultivation plan;
 - 3. All records evidencing compliance with the environmental protection measures;
 - 4. All supporting documentation for data or information input into the system;
 - 5. All UUIDs assigned to product in inventory and all unassigned UUIDs;
 - UUIDs associated with product that have been retired from the system must be retained for six (6) months after the date the tags were retired;
 - 6. Financial records, including but not limited to, bank statements, tax records, sales invoices, and sales receipts;
 - 7. Personnel records, including each employee’s full name, social security, or individual tax payer identification number, date of beginning employment, and date of termination of employment if applicable;
 - 8. Records related to employee training for track-and-trace system. Records shall include, but are not limited to:
 - The date(s) training occurred,

- Description of the training provided, and
 - The names of the employees that received the training;
9. Contracts with other state licensed cannabis business;
 10. Permits, licenses, and other local authorizations to conduct Applicant's commercial cannabis activity;
 11. Security records; and
 12. Records associated with composting or disposal of cannabis waste;
 13. Documentation associated with loss of access to the track-and-trace system.
- E. **Maintenance Protocol.** All records will be prepared and retained in accordance with the following conditions:
1. Records shall be legible; and
 2. Records shall be stored in secured area where they are protected from: Debris, Moisture, Contamination, Hazardous waste, Fire, and Theft.

Sales Invoice or Receipt Requirements

I. Sales Invoice or Receipt Requirements.

- A. **Invoices to Another Licensee.** Personnel will prepare a sales invoice or receipt for every sale or transport of cannabis or non-manufactured cannabis product to another licensee.
- B. **Electronic Invoices.** Sales invoices and receipts may be retained electronically but must be readily accessible for examination by the CDFA, other state authorities, any state or local law enforcement authority, and the California Department of Tax and Fee Administration.
- C. **What's included.** Each sales invoice or receipt will include the following:
 - 1. Name, business address, and department issued license number of the ***seller***;
 - 2. Name, business address, and department issued license number of the ***purchaser***;
 - 3. Date of sale or transfer (month, day, and year). The date of any sale or transfer of cannabis and non-manufactured cannabis products will be the date of transfer to the licensee receiving it;
 - 4. Invoice or receipt number;
 - 5. Weight (wet weight or net weight) or quantity of cannabis and non-manufactured cannabis products sold;
 - 6. Cost to the purchaser, including any discount applied to the total price;
 - 7. Description for each item including strain or cultivar, and all applicable information below
 - Plant;
 - Flower;
 - Leaf;
 - Shake;
 - Kief; and
 - Pre-rolls
 - 8. Signature of the ***seller***, or designated representative of the seller, acknowledging accuracy of the cannabis and non-manufactured cannabis products being shipped;

9. Signature of the ***purchaser***, or designated representative of the purchaser, acknowledging receipt or rejection of the cannabis or non-manufactured cannabis products.

D. **Prohibition of Product Returns.**¹³ Licensees are prohibited from accepting returns of cannabis plants or non-manufactured cannabis products after transferring possession of cannabis plants or non-manufactured cannabis to another licensee after testing is performed.

¹³ Prohibition of Product Returns is pursuant to Section 26110 of Business and Professions Code.

Odor Management Plan

There is no risk of the cultivation operation generating an odor related nuisance due primarily to the site's isolated location. The site sits in the middle of a parcel that is over 160 acres in size, and is bordered by two other properties that are each over 160 acres, both of which are also owned by Applicant. The site is more than 4,000 feet away from the nearest privately used structure, and at least 2.5 miles from the nearest residential, industrial, or commercial development. As such, it is highly unlikely that any odor generated by the cultivation operation will pose an unreasonable interference of any homes or businesses.

Proposed Signage

No signage will be displayed at the site.

Parking Plan

No paved or marked parking spaces exist on the site. However, pursuant to Section 22.18.020(h) of the San Luis Obispo County Land Use Ordinance, a modification of County parking standards should be approved for the site. The parcel on which the site sits is over 160 acres of undeveloped land, so there is more than ample space for the employee and any visitors to park in close proximity to the various structures present on the site. Given the location and size of the parcel, in combination with the small number of employees and/or visitors that will be at the site at any given time, no traffic safety problems will result from the proposed modification of parking standards.

Statement of Neighborhood Compatibility

The neighborhood in which the site sits is compatible for both indoor and outdoor cannabis cultivation, and the parcel is zoned RL-Rural Lands, which is compatible for both. Further, the parcel is surrounded by undeveloped land, and is located over seven miles away from the nearest pre-school, elementary school, junior high school, high school, library, park, playground, recreation or youth center, licensed drug or alcohol recovery facility, or licensed sober living facility. Due to the surrounding topography, the cultivation operation is not visible from any neighboring parcels except from the Camp Roberts military base which is restricted to the public. The cannabis cultivation operation on the site is comparable to the agricultural and industrial uses of the closest neighboring properties.