



CITY OF PASADENA

Applicant Name: Adelanto Air Expressway, Inc.

Reviewer: Kami Miller

Date: 3/27/19

OVERALL SCORE	Maximum Points	Points Awarded	Percent Score
	1,575	1,418	90.03%

GENERAL COMMENTS

The applicant is extremely experienced in the regulated cannabis retail storefront business; he is part of the Industrial Integrity Solutions, LLC family of cannabis businesses; multiple permitted cannabis retail storefronts - Adelanto (2), Perris (1), Los Angeles (2). In addition to retail storefronts, the applicant owns and operates regulated cultivations, manufacturing businesses, and distribution businesses. He is also a prior business owner of a real estate development company, Frontier Homes.

SECTION 1: QUALIFICATIONS OF OWNERS/ OPERATORS

750

690

92.00%

Experience

Applicant is part of the Industrial Integrity Solutions, LLC family of cannabis businesses; multiple permitted cannabis retail storefronts - Adelanto (2), Perris (1), Los Angeles (2).

Cannabis Industry Knowledge

In addition to retail storefronts, the applicant owns and operates regulated cultivations, manufacturing businesses, and distribution businesses. He is also a prior business owner of a real estate development company, Frontier Homes.

Ownership Team

The application indicated "the ownership team will be involved in the day-to-day activities of the business, including top down leadership". Specific duties were not detailed.

SECTION 2: BUSINESS PLAN	525	472	89.90%
<p><u>Standard Operating Procedures (SOP)</u></p> <p>Extensive SOPs for retail storefront and delivery were included as an attachment to the application. They included cannabis waste procedures, delivery procedures, inventory procedures, quality control procedures, and security procedures.</p>			
<p><u>Financial Plan</u></p> <p>The application included a startup estimate of REDACTED, including construction and six months of pre-opening costs, as well as a three year projected financial plan and budget.</p>			
<p><u>Funding/Proof of Capitalization</u></p> <p>Proof of capital consisted of a letter from Industrial Integrity Solutions, the parent company of Adelanto Air Expressway, indicating REDACTED in "immediately accessible funds" and REDACTED in assets. The letter was signed by the CFO of Industrial Integrity Solutions, Richard Munkvold, and provided contact information.</p>			
<p><u>Records Software</u></p> <p>Applicant will utilize Green Bits as a records software system, which interfaces with Grow Flow, the cultivation, manufacturing and distribution management software system used by Industrial Integrity Solutions.</p>			
<p><u>Track-and-Trace</u></p> <p>Green Bits will interface with Metrc. No specific SOPs included.</p>			
<p><u>State Testing Requirements</u></p> <p>The applicants will only sell products that have been tested pursuant to state regulations. Managers at the retail business will verify the products come from a licensed distributor or microbusiness, are within the shelf life, have been tested and have appropriate packaging and labeling.</p>			
<p><u>Employee Training</u></p> <p>Employee training will primarily focus on customer service, but also include regulatory requirements.</p>			

Customer Education

The applicants proposed events for customers in which they will set up informational booths, utilize informational brochures at the retail location, and rely on employees to educate at the point of sale.

Marketing

Marketing plan included five initiatives derived to cultivate "Strains", the DBA name, as a brand in the Pasadena community. The application also identified the target market, multiple marketing channels, and a marketing budget.

Community Benefits

Applicant will continue to donate to non-profits, employ nonviolent drug offenders who are often subject matter experts. Applicant will also hire 100% local employees, purchase goods and services locally when practicable, employ a community relations contact.

SECTION 3: NEIGHBORHOOD COMPATIBILITY & ENHANCEMENT**150****128****85.33%****Exterior Design Concept**

While the applicant included several visual representations of possible exterior design concepts, no written summary or explanation as to how the designs would reflect the city's architectural traditions.

Design Concept Integration

Applicant indicated they felt confident "we can complete a top-notch build-out from start to finish, all while fitting into the architectural fabric of each distinct neighborhood". Visual representations were provided.

Integration of Security Measures

Will utilize CPTED strategies to incorporate security measures; application included very detailed information for this category.

Air Quality/Odor Control

High quality carbon filtration, scrubbers, and air purifier.

SECTION 4: SECURITY PLAN	150	128	85.33%
<p><u>Security Experience</u> DSSG as well as third party reviews annually; application included detailed security procedures that included driver security.</p>			
<p><u>Background Checks</u> Applicant will utilize pre-employment background checks as well as annual background checks once employees are hired.</p>			
<p><u>Employee Safety Education</u> The application included extensive employee safety education plans - robbery prevention, unusual occurrences, burglary/theft prevention, personal protection.</p>			
<p><u>Employee Theft Reduction Measures</u> Applicant indicated they felt confident "we can complete a top-notch build-out from start to finish, all while fitting into the architectural fabric of each distinct neighborhood". Visual representations were provided.</p>			
<p><u>Cash Management Plan</u> Applicant will utilize an underground vault; extensive cash management procedures were included for opening, business hours, and closing.</p>			
<p><u>Product Access Protocols</u> Access control policies included, intrusion alarm, access card procedures.</p>			
<p><u>Product Deliveries</u> Only reputable distributors will be used, all transactions will take place in a secured office, under surveillance.</p>			
<p><u>Security Guards</u> Will ensure that REDACTED on-site 24 hours per day.</p>			
<p><u>Video Camera Surveillance</u> Surveillance camera plan will meet all of the minimum state requirements.</p>			
<p><u>Armored Vehicle</u> Applicants will contract with a licensed armored car service.</p>			

Adelanto Air Expressway, Inc.
2151 E Convention Center Way, Suite 222 | Ontario, CA 91764
Phone: (909) 354-8000

James L. Previti, CEO
Adelanto Air Expressway, Inc.
2151 E Convention Center Way, Suite 222
Ontario, CA 91764

January 31, 2019

Planning & Community Development Department
City of Pasadena
175 North Garfield Avenue
Pasadena, CA 91101

RE: Retailer Commercial Cannabis Permit Application for Adelanto Air Expressway, Inc.

To Whom It May Concern:

Adelanto Air Expressway, Inc. (“AAE”), as a part of the Industrial Integrity Solutions LLC (“IIS”) family of commercial cannabis businesses, is pleased to present and apply for a Retailer Commercial Cannabis Permit Application. AAE wishes to apply for (i) a retailer permit from the City of Pasadena by timely submitting a permit application and (ii) upon receiving a retailer permit from the City of Pasadena, a retailer license from the State of California via the Bureau of Cannabis Control.

AAE, along with its strategic management partner IIS, have the necessary credentials, experience, and capacity to survey, entitle, design, construct, finance, and operate a state-of-the-art commercial cannabis retail dispensary, as detailed in AAE’s application. Coupled with AAE’s direct experience developing and operating two licensed retail dispensaries in Adelanto and Perris, IIS’s management relationship to AAE is also key to AAE’s continued success. The IIS family of businesses maintains established connections with not only world-class commercial cannabis business operators—including cultivators, distributors, manufacturers, retail dispensaries, and testing laboratories—but also all of the ancillary businesses that are necessary to expand a business and open a retail dispensary.

In addition to meeting the City of Pasadena’s goals of selecting a responsible, experienced business owner and operator with the capability and experience necessary to oversee and implement all phases of planning and development, AAE’s application aims to maximize the benefit to the City of Pasadena from a financial perspective. Our project offers solutions that will bring immediate revenue and local jobs to the City of Pasadena while maximizing our mutual goals of maximizing public health and safety throughout all phases of development and for the life of the business.

As a lifelong entrepreneur based in the Inland Empire, I have overseen the founding and growth of numerous businesses throughout California, Arizona, Texas, and Georgia, particularly in the real estate and home building sectors—and now in the cannabis industry. During my career, I have focused on building

communities in areas that have been particularly impacted by unemployment, poverty, and blight. I believe deeply in the value of improving these afflicted areas and have indeed ingrained that philosophy into my homebuilding company, Frontier Communities. Once I saw the potential for commercial cannabis businesses to transform struggling cities in the High Desert, I began carefully investing time and money in the cannabis industry and we make sure to use that same focus when selecting locations for our commercial cannabis projects.

Beginning in the High Desert of California—where Frontier Homes has spent the last fifteen years building housing developments and communities—we have continually invested in the cities of Hesperia, Victorville, Apple Valley, and Adelanto in order to leave a positive and lasting effect on the people who live in and around those communities. In addition to the housing developments in the area, the fully licensed and permitted commercial cannabis facilities that I financed, constructed, and operate in Adelanto have created quality jobs in an otherwise economically depressed city. Should AAE be selected to establish a retail cannabis dispensary in Pasadena, I can assure you that our corporate citizenship in your city will be a responsible one that fosters community involvement and the conscientious sale and use of cannabis and cannabis products.

AAE's application materials demonstrate the breadth of its team's experience as well as our ability to meet all of the City of Pasadena's requirements for operation in order to attain the proper local and state permits. Our key team members have a long history of developing and successfully completing their projects and can point to such strengths as:

- Developing and obtaining entitlements for a substantial commercial cannabis project providing over 1 million square feet available for cultivation operations;
- Constructing over 630,000 square feet of concrete till up infrastructure for cannabis manufacturing, testing, and distribution facilities in California;
- Operating numerous cannabis businesses throughout all verticals in the cannabis supply chain; and
- Decades of experience completing projects on time and on budget.

As one of the premiere cannabis developers in California, we would be honored to be selected to develop a financially viable cannabis project and are committed to helping make this a reality for the City of Pasadena. Our team's extensive knowledge of cannabis assets and compliance measures is unparalleled and our network of connections throughout the industry and the communities and local governments where we operate commercial cannabis businesses will ensure AAE's success in its proposed project.

Moreover, IIS and its development partners have extensive experience in collaborating with cities and completing complex, desirable development projects such as what AAE is proposing in its commercial cannabis retailer permit application. In a business-friendly city like Pasadena, we are excited to present our conservative approach and idea of what we believe a fully-compliant commercial cannabis retail dispensary would look like integrated into the local look-and-feel of the City of Pasadena.

AAE's application proposes an opportunity to generate approximately **REDACTED** in annual tax revenues for the City of Pasadena. Additionally, AAE's project will create at least 12 permanent jobs with full benefits that pay a living wage.

Thank you for your time and consideration with regard to this application. We look forward to hearing from your office and continuing to collaborate with you throughout this important application process. Please do not hesitate to reach out to me or anyone else on our team if your office has any questions or needs any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'James L. Previti', with a stylized flourish at the end.

James L. Previti, CEO
Adelanto Air Expressway, Inc.

Enclosures



www.cityofpasadena.net/marijuana-regulations

Applicant/Owner Information Form*

Commercial Cannabis Screening Application

**Portions of the information disclosed in this application is public information pursuant to the California Public Records Act.*

INSTRUCTIONS: Complete the pertinent sections for each owner, applicant, entity owner and non-owner with financial interest in the business. A separate form is required for each individual.

- Type: ☒ Entity Owner (Complete Sections A and E)
☒ Owner (Complete Sections B, C, D and E)
☐ Applicant (Complete Sections B, C, D and E)
☐ Non-owner with financial interest (Complete Sections B and E)

SECTION A: ENTITY OWNERSHIP INFORMATION

An entity is anything other than an individual. If an entity is an owner of the commercial cannabis business pursuant to Business and Professions Code section 26001(a), you will need to complete the following information. Attach additional pages if needed.

Name of Entity: Adelanto Air Expressway, Inc. Phone Number: 909-354-8000
 Ownership %: 100 Organizational Structure: corporation Email: arthur@shopstrains.com
 Authorized Agent: Arthur Reyna Title: Attorney

List entity members below (attach additional sheets if necessary):

Name: <u>James L. Previti</u>	Title: <u>CEO</u>
Name: _____	Title: _____
Name: _____	Title: _____
Name: _____	Title: _____
Name: _____	Title: _____
Name: _____	Title: _____
Name: _____	Title: _____
Name: _____	Title: _____
Name: _____	Title: _____
Name: _____	Title: _____

SECTION B: OWNER/NON-OWNER/APPLICANT INFORMATION

Pursuant to 16 CCR § 5023, an owner is defined as a person with an aggregate ownership interest of 20% or more, chief executive officer, member of the board of directors of a nonprofit, or an individual participating in the direction, control, or management of the applicant. All business owners must be listed, including the applicant.

Full Name: Previti James L Date of birth: _____
Last First M.I.
 Mailing Address: REDACTED REDACTED
Street Address Apartment/Unit #
REDACTED REDACTED REDACTED
City State ZIP Code
 Phone: 909-354-8000 Email: jpreviti@frontier-enterprises.com

Ownership % 100

Title: CEO

Social Security No. REDACTED

Current Employer: Frontier Enterprises

SECTION C: DECLARATIONS

1. Do you have an ownership or financial interest (as defined in Title 16 CCR 5003 and 5004) in a licensed cannabis business? If "yes", complete section C-1. YES ☒ NO ☐
2. Have you ever been denied a permit or state license to engage in commercial cannabis activity, or had a permit or state license to engage in commercial cannabis activity suspended and not reinstated, or revoked, by any city, county, city and county, or any other state cannabis licensing authority? If "yes", complete section C-2. (PMC §5.78.100) YES ☐ NO ☒
3. Have you ever been convicted of a crime? If "yes", complete section C-3. (HSC BPC §26057) YES ☒ NO ☐
4. Have you owned or operated any cannabis-related business(es) in the City of Pasadena on or after December 14, 2017? If "yes", complete section C-4. (PMC §5.78.100) YES ☐ NO ☒
5. Have you ever been notified that you were conducting commercial cannabis activity in non-compliance with City of Pasadena ordinances, codes, and requirements and failed to discontinue operating in a timely manner? (PMC §5.78.100) YES ☐ NO ☒
6. Have you ever failed to pay federal, state, or local taxes and/or fees when notified by the appropriate agencies? (PMC §5.78.100) YES ☐ NO ☒

Section C-1: Other Licensed Cannabis Businesses

Use additional sheets if necessary.

Please see additional pages.

Agency: _____ License No. _____ Date Issued: _____
Description of business: _____

Agency: _____ License No. _____ Date Issued: _____
Description of business: _____

Agency: _____ License No. _____ Date Issued: _____
Description of business: _____

Section C-2: Cannabis License(s) Suspended, Revoked or Denied

Use additional sheets if necessary.

License Authority : _____ License Type _____ Suspension or Revocation Date: _____

Details: _____

License Authority : _____ License Type _____ Suspension or Revocation Date: _____

Details: _____

License Authority : _____ License Type _____ Suspension or Revocation Date: _____

Details: _____

Section C-3: Criminal Violation(s)

Use additional sheets if necessary.

Please see additional pages.

Date of Conviction: _____	Code Section: _____	Felony or Misdemeanor? _____
Date of incarceration: _____	Date of Probation: _____	Date of Parole: _____

Details: _____

Date of Conviction: _____	Code Section: _____	Felony or Misdemeanor? _____
Date of incarceration: _____	Date of Probation: _____	Date of Parole: _____

Details: _____

Date of Conviction: _____	Code Section: _____	Felony or Misdemeanor? _____
Date of incarceration: _____	Date of Probation: _____	Date of Parole: _____

Details: _____

Section C-4: Commercial Cannabis Operations in the City of Pasadena

Use additional sheets if necessary.

Business Name: _____	Business Address: _____
Dates of Operation: _____	Title: _____

Business Name: _____	Business Address: _____
Dates of Operation: _____	Title: _____

Business Name: _____	Business Address: _____
Dates of Operation: _____	Title: _____

SECTION D: REQUIRED DOCUMENTS☒ Copy of a currently valid government-issued identification**SECTION E: AFFIRMATION & CONSENT**

Under penalty of perjury, I hereby declare that the information contained within and submitted with the application is complete, true and accurate. I understand that misrepresentation of fact is cause for rejection of this screening application, denial of a license, or revocation of a license issued.

Signature: _____

Date: 1/31/2019

Printed Name: James L. Previti

Section C-1: Other Licensed Cannabis Businesses

Adelanto Air Expressway, Inc. (AAE)

Local Permits Issued by the City of Adelanto

1. Medical Retail – MMDP 17-06
2. Adult-Use Retail – MAUD 18-17

Local Permits Issued by the City of Perris

1. Medical and Adult-Use Retail – PLN17-05228

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Adelanto Medicinal and Adult-Use Retailer Temporary License – M10-18-0000353-TEMP
2. Perris Medicinal and Adult-Use Retailer Temporary License – C10-18-0000125-TEMP

California Organic Treatment Center, Inc. (COTC)

Local Permits Issued by the City of Los Angeles (COTC's Account Number: 0002205101-0001-8)

1. Medical Cultivation Specialty Indoor – Fund/Class: J062
2. Adult-Use Cultivation Specialty Indoor – Fund/Class: J072
3. Medical Distributor – Fund/Class: J080
4. Adult-Use Distributor – Fund/Class: J090
5. Medical Retail – Fund/Class: J010
6. Adult-Use Retail – Fund/Class: J020
7. Medical Manufacturer Level 1 – Fund/Class: J083
8. Adult-Use Manufacturer Level 1 – Fund/Class: J093

State Licenses Issued by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TCA18-0007456

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Medicinal and Adult-Use Distributor Temporary License – C11-18-0000243-TEMP
2. Medicinal and Adult-Use Retailer Temporary License – C10-18-0000096-TEMP

State Licenses Issued by the California Department of Public Health (CDPH)

1. Medicinal and Adult-Use Manufacturing Temporary License – CDPH-T00001730

Muskrat Distributors, Inc. (MDI)

Local Permits Issued by the City of Adelanto

1. Medical Cultivation – MMC 17-15
2. Adult-Use Cultivation – AUCC 18-53
3. Medical Distributor – MCDT 17-37
4. Adult-Use Distributor – AUCDT 18-54

State Licenses Applied for and Under Administrative Review by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TCA18-0011016

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Medicinal and Adult-Use Distributor Temporary License – C11-18-0000291-TEMP

Adelanto Botanical Company, Inc. (ABC)

Local Permits Issued by the City of Adelanto

1. Adult-Use Cultivation – AUCC 18-52
2. Adult-Use Manufacturing – AUCM 18-51

State Licenses Issued by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TAL18-0011148

State Licenses Issued by the California Department of Public Health (CDPH)

1. Medicinal and Adult-Use Manufacturing Temporary License – CDPH-T1731

REDACTED

Section D:
Government-Issued
Identification
Redacted

Adelanto Air Expressway, Inc.
Pasadena Commercial Cannabis Permit
Application

January 2019

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Qualifications of Owners & Operators

Experience

Adelanto Air Expressway, Inc. (AAE) is owned by James L. Previti and managed by Industrial Integrity Solutions, LLC (IIS). IIS was founded in 2016 by James L. Previti with the goal of bringing real estate development knowledge and business professionalism to the growing cannabis industry in California. Since then, Mr. Previti has successfully developed and launched several legal and licensed commercial cannabis businesses in Los Angeles, San Bernardino, and Riverside counties under IIS' management. One of those businesses is AAE, which Mr. Previti founded in 2017. Please see [Attachment A](#) for a detailed list of the local permits and state licenses owned by each entity in the Industrial Integrity Solutions Family of Commercial Cannabis Businesses listed below.

The Industrial Integrity Solutions Family of Commercial Cannabis Businesses



COTC	California Organic Treatment Center, Inc., a California corporation with an address at 2222 E Olympic Blvd, Los Angeles, CA 90021
Muskrat	Muskrat Distributors, Inc., a California corporation with an address at 17321 Muskrat Avenue, Adelanto, CA 92301
ABC	Adelanto Botanical Company, Inc., a California corporation with an address at 17317 Muskrat Avenue, Adelanto, CA 92301
AAE	Adelanto Air Expressway, Inc., a California corporation with an address at 12100 Air Expressway, Adelanto, CA 92301

Cannabis Industry Knowledge

AAE's management team possesses an enormous amount of business experience both outside and inside the cannabis industry in California.

IIS' CEO (James L. Previti) and CFO (Richard Munkvold) each have over twenty years of experience running Frontier Enterprises, a successful real estate development company that is involved in residential, multi-family, commercial, industrial, and retail real estate projects.

With the lead up to the election and passing of Proposition 64 in 2016, Mr. Previti began investing into the cannabis industry and focused those efforts in geographic areas that needed business community investment, adopting the same corporate social good goals that Frontier Enterprises endeavors to embody when choosing where to build its housing communities.

Mr. Previti established IIS to provide financing and other operational controls for each business entity in his family of commercial cannabis businesses. Since 2016, IIS has grown into a thriving start up business with a dedicated team of employees who together manage cultivation sites, manufacturing labs, distribution facilities, and retail dispensaries from the top down.

Each member of our team has been selected based on their knowledge of the cannabis industry and previous successes. Our team has only seen our collective success continue to grow as we have established several cannabis product lines and added necessary local permits, state licenses, and the applicable facilities and dispensaries under the IIS family of commercial cannabis businesses.

AAE's application and business plan are designed to comply with all aspects of the local Pasadena Municipal Code and all applicable state laws. It is a comprehensive, conservative, and realistic model of operations developed through a collaborative process that leverages the expertise of our seasoned leadership team and leading cannabis industry professionals and specialists.

Our team together brings incredibly deep experience managing operational and regulatory compliance plans in the cannabis industry, and over a century of combined expertise in real estate development, business development, operations, and management. This breadth of experience and knowledge uniquely equips our team to adeptly implement our startup plan, and to begin operations the day AAE is awarded a permit to operate a retail dispensary in the City of Pasadena.

AAE has secured strategic and operating capital substantially in excess of what is required for this project, which gives our team, staff, and other service providers the ability to focus our time, resources, and personnel on facility construction and staffing rather than fundraising.

Ownership Team

AAE's leadership team boasts top executive-level leadership with decades of experience at the highest levels in real estate development, the cannabis industry, and other highly regulated industries. AAE will operate a world class retail dispensary in line with its other existing commercial cannabis businesses, all of which IIS has integrated its core values rooted in our team's deep respect for the communities in which we operate.

Our team exemplifies that City of Pasadena's desired qualities—a developer who is responsible, experienced, capable of overseeing and implementing all phases of planning and development, and has significant experience developing property for commercial cannabis businesses and related uses. Additionally, AAE's application proposal will maximize the benefit to the City of Pasadena from a financial perspective by generating approximately **REDACTED** in annual gross tax revenue for the City as well as creating at least 12 permanent jobs and employing a number of Pasadena-based businesses and service providers. With a starting gross tax rate of 4%—which may be periodically increased up to 6% in future

years by the Pasadena City Council—the City stands to gain substantial revenues by selecting AAE for a permit to operate a retail dispensary based on the performance of AAE and IIS’ other successful commercial cannabis businesses.

AAE, in partnership with IIS, has assembled a world class leadership team that includes proven cannabis operators and seasoned real estate developers who have experience in highly regulated industries. In addition to extensive real estate development experience, our team includes leading experts in the cannabis compliance field that are actively engaged at both the local and state levels to ensure not only the continued legal compliance of our business with both local and state laws, but who also worked with the State of California to develop and implement our existing cannabis regulations which provide the highest levels of public health and safety throughout the cannabis industry in the state.

AAE is the applicant and brings the entire IIS team to the project. Together, AAE and IIS bring a deep understanding of the political landscape of cannabis policy in California. Our team navigates California’s complex political, regulatory, and business landscape by utilizing our diverse experience and extensive network to deliver consistent winning outcomes for not only our companies, but also the local communities in which we operate.

IIS specializes in developing licensed businesses and commercial real estate projects for California’s emerging cannabis industry. Our team’s broad experience in business development, public policy, government affairs, and political campaigns allows us to develop and implement a broad range of solutions to meet the unique needs of any local jurisdiction in which we operate. In addition, IIS—led by CEO, Jimmy Previti—is a responsible corporate citizen and Mr. Previti has always believed in giving back to the local communities in which Mr. Previti has the privilege of investing. The company believes that any dollar spent on strengthening the local community will repay itself many times over. This philosophy is what has carried Mr. Previti, Frontier Enterprises, and IIS to success.

The overall depth and breadth of our team as well as our knowledge and experience mean we will operate a compliant business with strict adherence to regulations, industry standards, and business best practices. For these reasons, AAE is an excellent fit for the City of Pasadena as it aims to integrate into the community as a responsible and involved business partner.

IIS, AAE’s managing partner, currently operates top tier cannabis cultivation, distribution, manufacturing, and retail dispensaries in California. The strategic partnership between AAE and IIS is an asset that many other commercial cannabis businesses do not have. IIS is responsible for entitling and operating over a million square feet of cannabis cultivation operations and successfully operates commercial cannabis businesses in all vertical segments of the cannabis supply chain, aside from testing laboratories. Because commercial cannabis businesses are prohibited from operating testing laboratories, IIS and AAE have established a strategic partnership with CannaSafe Analytics (Accreditation No. 73653, Certificate No. L18-280, International Standard ISO/IEC 17025:2017) to perform all of its state-required cannabis and cannabis product testing and provide the necessary certificates of analysis for each item that AAE will sell.

The ownership team will be involved in the day-to-day activities of the business, including providing top down leadership for the entire AAE organization. As a part of the IIS family of commercial cannabis businesses, AAE will be managed by a team of hardworking, compliance-minded professionals who are rooted in traditional business practices. In an effort to bring the professionalism he maintains in his other businesses into the cannabis industry, Mr. Previti has invested an enormous amount of time and money into IIS and the businesses that the company finances and manages. Moreover, Mr. Previti is committed to bringing that goal of all-around professionalism into reality both swiftly and efficiently by employing only the best candidates from top to bottom.

As the founder and CEO of a large real estate business unrelated to cannabis, Mr. Previti has had the privilege of working with many qualified individuals in a wide variety of roles. By virtue of running his businesses, Mr. Previti has developed an incredible insight regarding evaluating potential employees and service providers from receptionists and executive assistants to general contractors and attorneys. That said, in selecting employees for IIS, Mr. Previti has chosen only those individuals who have displayed a passion for the cannabis industry and a dedication to keeping up to speed with the changing cannabis regulatory framework in California.

Despite the cannabis industry experience and success of its ownership team, IIS considers itself a startup company that is already expanding at a steady pace. With five companies under its management, IIS utilizes the power of synergy to tackle the same problems that face each of its independent business that are conducting the same licensed cannabis activities—cultivation, distribution, manufacturing, and retail. By leveraging the work we do for one business and applying it to another, IIS is able to streamline operations quickly and efficiently in order to maximize profitability all while providing safe and secure access to cannabis.

One way in which IIS fosters growth is by constantly pursuing local permits and state licenses in nearby cities and counties in California. Our founders and employees take pride in their work. All of us keep our eyes and ears open in order to anticipate changes to local laws and changes to the state regulatory framework surrounding legal cannabis in California. We stay informed about the cannabis industry and focus on creating and shaping our methods and processes with a mindset that what we are building will become industry standard throughout the state. In this young and rapidly growing market, we must rely on SOPs for standardizing operations across all entities in order to stay in line with the myriad California laws related to not only cannabis, but also corporate law, employment law, labor law, administrative law, and criminal law, among others.

As such, IIS has been successful in its goal of applying for and receiving local permits in a variety of cities in California. From cities like Los Angeles and Adelanto, with established commercial cannabis regulations, to cities with newer local cannabis regulations like Perris and Rialto, all cities have different processes for receiving applications for and overseeing commercial cannabis businesses. Indeed, due to IIS' deep experience in applying and operating in a variety of municipalities, our team has experience with all sorts of varying local regimes and regulations related to evaluating new commercial cannabis businesses and operating them. IIS already manages relationships with its companies and the following local, state, and federal governmental entities:

- City of Los Angeles Department of Cannabis Regulation (DCR)
- Los Angeles County Agricultural Commissioner / Weights & Measures (ACWM)
- State of California Department of Consumer Affairs (DCA) and the Bureau of Cannabis Control (BCC)
- California Department of Food & Agriculture (CDFA) and CalCannabis
- California Department of Public Health (CDPH) and the Manufactured Cannabis Safety Branch (MCSB)
- California Franchise Tax Board (FTB)
- California Department of Tax and Fee Administration (CDTFA)
- California Board of Equalization (BOE)
- California Employment Development Department (EDD)
- California Secretary of State (SoS)
- The Internal Revenue Service (IRS)

Industrial Integrity Solutions

Industrial Integrity Solutions will be the contract developer for the project. Industrial Integrity Solutions is a Southern California based development firm specializing in the development of real estate specifically for cannabis use. Industrial Integrity Solutions is a subsidiary of Frontier Enterprises. Industrial Integrity Solutions also has subsidiaries that are specific to retail sales, cultivation, and processing of cannabis products.

Since it was founded in 2002, Frontier has built and renovated homes in Southern California, Arizona, Texas, and Georgia. By 2004, Frontier became the fastest company to reach Builder 100 status in the history of the Professional Builder Magazine. From inception through 2008, Frontier built approximately 3,000 new homes. In 2009, Frontier transitioned from new homebuilding to purchasing distressed assets to help restore communities across Southern California and the nation by transforming vacant and foreclosed properties that attracted crime and blight into beautifully restored owner-occupied homes for families and first-time buyers.

Since its launch into purchasing distressed assets, Frontier has acquired, repaired and sold more than 2,000 previously foreclosed homes valued at more than REDACTED across Southern California, Arizona, Texas and Georgia. When foreclosures began slowing down in late 2012, Frontier quickly shifted back into purchasing land for new homebuilding once again. Again, Frontier became the largest private homebuilding company in the Inland Empire in 2014 and has continued that success through 2018 by delivering approximately 1,600 houses with revenues approaching REDACTED. Since the company's inception in 2002, Frontier has acquired and re-sold more than 6,700 homes valued in excess of REDACTED.

Frontier is continually focused on providing affordable homes for first-time and first-time move-up buyers. Frontier also looks to align themselves with strategic partners in order to create efficiencies and a win-win scenario. Frontier Enterprises' entrepreneurial spirit has led them to also own and develop commercial, multi-family and industrial properties throughout southern California. The company owns in excess of 75,000 square feet of office property, currently is building over 150 apartment units, 3 dispensary retail centers and is completing the development of over 630,000 square feet of industrial buildings. Frontier was able to re-zone a 30-acre site within the cannabis designation, develop and build 21-30,000 square foot buildings within a 24-month period.

Frontier Enterprises was originally established in 2002 and has since grown to be the largest private homebuilder in the Inland Empire. In addition to homebuilding, the company also has projects specific to retail development and multi-family development. As developers, Frontier prides itself on specializing in every aspect of the trade.

Key Individuals

James L. Previti, President and CEO

James started his first homebuilding company in 2002, Frontier Homes, which was named as one of America's top 100 builders in Professional Builder Magazine's May 2005 edition. A prestigious award based upon revenues for 2004, with Frontier Homes making the list in its second full year of business, showing revenues of almost REDACTED from nearly 800 deliveries.

The Company was the leading homebuilder in the burgeoning High Desert market, with a dominant market share, and one of the top builders in California's Inland Empire. Frontier Homes also enjoyed a position among the top builders in the high-growth Antelope Valley market, the last bastion of affordability in Los Angeles County as well as Phoenix, Arizona.

A veteran of the homebuilding industry and a second-generation homebuilder, Mr. Previti began his career as a construction superintendent, directly supervising new home construction. After honing his skills and expanding his practical knowledge in the field, he moved to other disciplines within the company, including purchasing and entitlements, rapidly progressing to management.

Before founding Frontier Homes in 2002, Mr. Previti was an Area President for one of the nation's top public builders, with full profit-and-loss responsibility for multiple land development, construction and sales for single-family and multi-family projects.

In 2009, Previti established Frontier Enterprises to help restore communities across Southern California and the nation by turning vacant and foreclosed properties that attract crime and blight into beautifully restored homes for families and first-time buyers. Since its launch, Frontier Enterprises has bought and repaired more than REDACTED in previously foreclosed houses and transformed them into almost 2,000 owner-occupied homes.

In 2013, Previti formed Frontier Communities to re-establish his roots as a new homebuilding company and is once again aiming to become recognized as one of America's leading new homebuilders. Since 2014, Frontier Communities has been the largest private homebuilding company in the Inland Empire.

His vision was to create a company that prided itself in quality-built, affordable entry-level and "move-up" housing in the Inland Empire and other affordable market areas and to lead the company into not only a market position as a premier homebuilder, but as a premier employer as well. Previti and his management team pledge true compassion for each individual and focus on creating a positive work environment with the best employee benefits in the industry, as well as ample opportunity for professional growth.

In addition to homebuilding, Previti has also diversified his portfolio by investing and developing commercial, multi-family and industrial properties.

Rich Munkvold, Chief Financial Officer

Rich joined the Company in May 2005 and oversees all financial functions of the Frontier Enterprises, its affiliates and joint ventures. He is responsible for accounting and related activities, including internal and external financial reporting, capital procurement and lending relationships, as well as the information technology department. Mr. Munkvold is also a member of the executive planning committee. As such, he is intimately involved in the Company's organizational structure as well as all acquisitions.

Prior to joining Frontier, Mr. Munkvold was Chief Financial Officer of the K. Hovnanian Homes Ontario Group, where he provided management and oversight for financial operations for the Southwestern States. His purview included three operating regions producing more than 3,500 deliveries and \$1 billion in annual revenues. He also led due diligence teams during consideration and consummation of a number of corporate acquisitions.

From 1995, Mr. Munkvold was Chief Financial Officer for The Forecast Group, a Builder 100 company, leading that firm's financial and information technology operations until Forecast's acquisition by Hovnanian. He entered the homebuilding industry with Ryland Homes in 1989, where he held several accounting and finance positions, including that of western region financial analyst.

While in his senior management positions, he has been one of the key leaders of overseeing in excess of 25,000 deliveries and REDACTED in revenue in addition to the acquisition, development and disposition of commercial, multi-family and industrial properties.

Prior Project References

Our team understands that it is difficult for any municipality to begin working with a new business, and that making this decision probably feels particularly risky due to the history and changing nature of the cannabis industry and due to the unproven business model of operating a regulated, compliant commercial cannabis business in the City of Pasadena. In an industry filled with unprofessional companies and individuals, AAE—with ongoing help from IIS and our entire team—hopes to stand apart when being considered for a permit to operate a retail dispensary in the City of Pasadena. Below you will find three references, each of which comes with a letter of recommendation and all of which are included in Attachment B.

Reference 1 – City of Adelanto

Charles Rangel

Development Services Director
11600 Air Expressway
Adelanto, CA 92301
(760) 246-2300 Ext. 11176

There are several past and current projects built out or under construction by entities associated with Frontier Enterprises. There are single family residential projects by Frontier Communities and industrial projects constructed by IIS. The residential projects include communities called Stone Briar and Stone Briar II, which equal 181 detached new homes coming to the City of Adelanto that we are pleased to have worked with Frontier on. IIS' industrial projects include a 30-acre project being developed with building envelopes totaling over 630,000 square feet and recently the Adelanto Planning Commission approved expansions leading to over 1,000,000 square feet of industrial space.

Reference 2 – City of Colton

Arthur W. Morgan

Economic Development Manager
Office of the City Manager
(909) 370-6170

Frontier Communities has successfully obtained approval for, and is currently in the process of constructing, a 110-unit planned development in the City of Colton's Hub City Centre Specific Plan area with another 77-unit project following. Mr. Morgan considers Frontier Communities' housing products as being of the highest quality.

Reference 3 – City of Riverside

David Welch

Interim Deputy Director
Community & Economic Development Department
(951) 826-5371

In 2018, Frontier Communities successfully obtained approval to build a 210-unit condominium development. Our success was attributed to our willingness to work with the City of Riverside and Mr. Welch described our result as a “win-win” because we were able to provide a pedestrian connection through our site that connects a local library and a park.

Business Plan

Standard Operating Procedures (SOPs)

AAE and IIS have invested a significant amount of time and resources into not only drafting our SOPs to conform with the law, but also implementing them via employee handbooks as well as initial and ongoing training for all employees and managers.

The initial Retail SOPs that IIS plans to utilize at Strains Pasadena are attached to this application as Attachment C. They have been carefully drafted and vetted by attorneys who have extensively reviewed previous, current, and anticipated California regulatory framework changes and are revised periodically as state regulatory changes are officially adopted and put into effect. As our companies have evolved, so too have we adjusted—and continue to adjust—our SOPs to work for our unique business needs while always remaining mindful of the constantly developing California regulatory framework that surrounds cannabis.

The Retail SOPs included in Attachment C have been customized for Strains Pasadena, but they are missing some location-specific information due to the fact that AAE has not yet selected property for this project. These initial SOPs are based on Retail SOPs developed by IIS, AAE, and COTC and which are used by AAE at Strains Adelanto, by COTC at Strains LA (formerly ADCC), and which AAE will implement this Spring at Strains Perris.

Financial Plan

With substantial access to not only operational capital, but also a wide variety of cannabis and cannabis products, AAE is in an incredible position to continue to grow itself as a company while being a part of the IIS family of commercial cannabis companies that can together supply the needs of all of its retail operations in the face of outward regulatory and economic pressures.

Due to the constantly changing nature of the cannabis industry, oftentimes legitimate businesses are faced with a stifling amount of competition coming from cut-rate illegal storefronts and delivery services. These illegal businesses are not subject to the same taxation and other administrative overhead that legal, licensed businesses must pay. This has a negative effect on price competition and lowers the number of patients and customers that a legal dispensary would otherwise serve. When patients and customers migrate to illegal businesses to purchase their cannabis, they lose by not having access to products that are safe and tested pursuant to California state law.

The reality of this competitive landscape is that, over the next few years, many legitimate, legal businesses will be pushed out of the cannabis industry due to the competition they face from illegal storefronts and delivery services. A lack of capital, shrinking margins, and the absence of experienced leadership will doom these cannabis businesses who previously enjoyed large profits prior to state and local taxation and the related overhead. Fortunately, the IIS family of commercial cannabis businesses will not be one of them. Due to the experience and foresight of our team, AAE's financial plan and projections address a worst-case scenario hypothetical which is still profitable in the long term due to AAE's access to operational capital and a line of credit, the leadership team's relationships within the cannabis industry, and agreements with the other companies in the IIS family of commercial cannabis businesses to provide cannabis and cannabis products to AAE and IIS' other retail dispensaries.

Financial Projections

Included in Attachment D is a projected financial plan and budget for AAE, which contains projected balance sheets, income statements, and statements of cash flows.

The revenue estimates for AAE's project are based on the average market pricing for cannabis at the retail level. The following narrative provides an explanation as to how total revenue has been calculated.

Looking at the eight main categories of products in a retail dispensary—cannabis flower, prerolls, cannabis concentrates (including vape cartridges), edibles, drinks, tinctures, topicals, and non-cannabis accessories and gear¹—AAE hopes to generate a minimum of [REDACTED] in gross revenues in its first year of operation. As of January 2019, a wholesale pound of packaged cannabis flower can be purchased from within our supply chains at an average rate of [REDACTED] and from third party vendors and distributors for prices ranging between [REDACTED] and [REDACTED]. See the table below to view a breakdown of our average prices on products purchased within the IIS family of commercial cannabis businesses versus those purchased from third party vendors and distributors.

Table 1.1				
Purchased from IIS Family				
Category Type	% of Sales	Price Per Unit	QTY Sold	1st Yr Revenue
Flower	59%	REDACTED		
Edibles	9%			
Concentrates	29%			
Topicals	0.29%			
Drinks	1%			
Gear	1%			
Total Sales Revenue				

Table 1.2				
Purchased from 3rd Party Vendor				
Category Type	% of Sales	Price Per Unit	QTY Sold	1st Yr Revenue
Flower	65%	[REDACTED]		
Edibles	5%			
Concentrates	28%			
Topicals	0.08%			
Drinks	1%			
Gear	1%			
Total Sales Revenue				

Based on these per unit retail prices, AAE projects to earn [REDACTED] in gross sales in its first year of operation, [REDACTED] in its second year, and [REDACTED] in its third year. At a 4% local tax rate, this would equal [REDACTED] in tax revenue paid to the Pasadena General Fund in the first year of operation, [REDACTED] in tax revenue paid in its second year, and [REDACTED] in tax revenue paid in its third year. Below is a chart that details the total revenue of the retail dispensary based on the averages taken from AAE and IIS' other retail dispensary operations and the calculated estimates in the chart above.

¹ Pursuant to Section 5.28.050(N)(9) of the Pasadena Municipal Code, non-cannabis accessories and gear are not subject to the cannabis business tax.

Table 2				
Total Revenue				
Category Type	% of Sales	Price Per Unit	QTY Sold	1st Yr Revenue
Flower	59%	REDACTED		
Edibles	9%			
Concentrates	30%			
Topicals	0.18%			
Drinks	1%			
Gear	1%			
Total Sales Revenue				
Total Taxes Collected				
Gross Sales				
Pasadena Taxes Collected				

Estimated Cost of the Project in All Phases and Full Buildout

While the overall total cost of the project will vary greatly depending on the location that AAE is able to acquire, the City of Pasadena can rest assured that AAE is ready to acquire a piece of suitable property within any council district in which it is permitted to operate. Based on our team's analysis of the draft of the cannabis retailer map released by the city on December 6, 2018, AAE is financially able to: (i) purchase a piece of property and construct a building on it, (ii) purchase a building and make tenant improvements, or (iii) lease an existing space and make tenant improvements.

Startup Budget	
<u>Application and Related Expenses</u>	REDACTED
Local Application Fees	
Local Consultant	
State Application Fees	
Total Application and Related Expenses	
<u>Land Acquisition</u>	
Purchase Price	
Total Land Acquisition Cost	
<u>Planning and Development</u>	
Due Diligence	
Environmental Impact Reports	
Impact Fees	
Architect and Design Fees	
Permits and Fees	
Plan Check Fees	
Total Planning and Development	
<u>Build-Out Costs</u>	
Phase 1 Construction Costs	
Land Surveys	
Fencing	
Security Infrastructure	
Phase 2 Construction Costs	
Retail Store Construction	

Tenant Improvements
Odor Control Measures
Total Build-Out Costs
Equipment Costs
POS Systems and Cash Registers
Vaults, Cameras, and Other Security Equipment
Furniture and Fixtures
Computers and IT Equipment
Total Equipment Costs
Pre-Opening Expenses (6 Months)
Insurance
Supplies
Pre-Opening Utilities
Other General and Administrative
Professional Services
Staff Salaries and Benefits (12-month reserve)
Total Pre-Opening Expenses
Total Startup Capital Required

REDACTED

Funding / Proof of Capitalization

As a member of the IIS family of commercial cannabis businesses, AAE has access to substantial operational capital and costs savings that many startup companies are unable to realize. Capitalized by IIS and supported by the other IIS-affiliated cannabis businesses, AAE will not fail for lack of capital or access to product. Undoubtedly, IIS is committed to ensuring that AAE has all of the funding it needs to thrive in the expanding commercial cannabis market here in Southern California. Our team has spent a considerable amount of time analyzing our finances and the regulatory landscape in order to create a business plan that is not only legally compliant, but also profitable.

Please see Attachment E for a proof of capitalization letter from IIS.

Records Software

In addition to AAE's required ongoing compliance tasks, AAE will use a proven point-of-sale (POS) system that has integrated all of the necessary track-and-trace functions and communicates with Metrc as products move in and out of inventory. Cannabis and cannabis products purchased by AAE will be immediately barcoded and scanned into inventory so that products are not only immediately available for our customers to purchase, but also to track the compliant movement of those products along every step of the way.

AAE's goal is to ensure that our POS can identify and account for all cannabis and cannabis products in the supply chain at all times, which is why we have chosen **Green Bits** to provide that software and service. Green Bits is an industry leader and is used in all of IIS' other retail dispensaries as well as in some of the largest and most well-known dispensaries across the country, such as Farma in Portland, Oregon and Toluca Lake Collective (aka "Jungle Boys") in Downtown Los Angeles.

Moreover, Green Bits interfaces directly with **Grow Flow**—the cultivation, manufacturing, and distribution management software used by IIS in all of its non-retail commercial cannabis facilities to manage inventory from seed-to-sale. The ease with which these two programs communicate with each other reduces AAE’s operational costs and opportunities for human error when AAE is purchasing cannabis and cannabis products from within the IIS family of commercial cannabis businesses.

Green Bits will:

- Seamlessly track all activity among users (i.e. management and budtenders) with an auditable and time-stamped activity log of inventory being scanned in, returns and exchanges, and sales being made out of inventory.
- Manage every item of inventory that AAE will sell in its retail dispensary.
- Track the movement of items purchased from IIS’ family of commercial cannabis businesses directly into AAE’s POS inventory as well as those purchased from third party vendors and distributors.
- Maintain and generate manifests and chain of custody records from purchase to sale with two-factor authorizations and permission-driven user profiles managed by our team.

Additionally, if desired by the City of Pasadena, AAE will implement and utilize **Sisense**, a third-party business intelligence software solution that will provide a real-time, easy-to-read dashboard for the City to track all of the revenue generated at the dispensary. This software solution minimizes the need for expensive audits and the data collected will be helpful if and when an audit is necessary.

Track-and-Trace

All of IIS’ businesses maintain and use SOPs that include compliant track-and-trace procedures and requirements provided by both Metrc and the State of California. While all owners are required to undergo Metrc training as it relates to each aspect of the California cannabis industry, we go the extra mile to ensure that our managers and employees are also trained and supported by leadership so that all of our necessary Metrc records are properly and timely submitted. Additionally, AAE will appoint a trusted manager to serve as the Metrc contact person who will be responsible for interfacing with and managing AAE’s Metrc filings and records, as required by state regulations.

As mentioned in the previous section, all of IIS’ retail dispensaries use the Green Bits POS. Green Bits not only processes payments and tracks inventory, but it also streamlines the dispensary’s necessary Metrc reporting by automating submissions using Metrc’s API from within the Green Bits software.

State Testing Requirements

Though current California cannabis regulations do not mandate that retail dispensaries test the products they sell, current regulations do require licensed operators of retail dispensaries to sell only licensed, tested cannabis and cannabis products. To accomplish this, we must verify a myriad of product information prior to offering those products for sale to consumers. Managers are trained on the proper procedures for checking and accepting cannabis and cannabis products that are brought to the retail dispensary by vendors and distributors before AAE accepts and purchases the products and before they enter AAE’s inventory. Pursuant to 16 CCR § 5406, managers are required to verify the information listed below prior to accepting

an order from a vendor or distributor. Among other specific packaging requirements, including those in the California Business and Professions Code Section 26120, an AAE manager will verify that:

- The cannabis goods were received from a licensed distributor or licensed microbusiness authorized to engage in distribution;
- The cannabis goods have not exceeded their best-by, sell-by, or expiration date if one is provided;
- The cannabis goods have undergone laboratory testing; and
- The batch number is labeled on the package of cannabis goods and matches the batch number on the corresponding certificate of analysis for regulatory compliance testing.

Additional packaging and labeling verification procedures are detailed in our Retail SOPs, on page 10 of Attachment C in the section titled “Packaging and Labeling Verification Procedures.”

Employee Training

AAE believes that employee training is of paramount importance to its efficient and effective operations. It is only through rigorous, consistent, and compliant training that our employees throughout the IIS family of commercial cannabis companies continue to succeed.

The training that we offer to our other dispensary employees, and which we would offer to AAE employees in Pasadena, is centered around customer service and customer education. Because legal recreational cannabis is a young market in California, our team has served many customers in our other dispensaries who are either brand new to cannabis or who are just returning to cannabis after a long hiatus. Even those customers who previously used cannabis and are now returning after a long hiatus require education as the cannabis industry has evolved in terms of variety, quality, potency, and dosage.

In addition to customer education, AAE knows that customer service is our opportunity to connect with customers, solve problems, and show that we care. Our experience has shown us that when customer service is executed well, it can resonate with customers for years to come. Customer service experiences are what stick with customers and inspire reviews and word-of-mouth advertising, which is not only beneficial for AAE’s businesses, but also the Pasadena community. By operating a compliant and efficient business from all angles, AAE hopes to replicate its past successes and become a cornerstone business within the City of Pasadena. Our team is constantly on the lookout for ways in which we can enhance our business operations in order to engender ongoing success, but we are familiar with the proven success that great customer service can bring to a business which is why we heavily focus on that aspect of our customer experience.

Customer service training is the training and teaching that AAE employees undergo to improve customer support and satisfaction. It is an iterative process that involves teaching skills, competencies, and tools needed to better serve customers so that they derive more value from AAE’s products and services. Any employee who interacts with customers is eligible for customer service training. Given that happy customers are our best growth opportunity, each and every employee will be trained to work hard to keep customers both educated and happy—whether from the position of receptionist, budtender, manager, or the executive level. Our team believes that every employee is responsible for fostering a customer-oriented work environment.

REDACTED

REDACTED

Customer Education

AAE takes customer education seriously, as evidenced by our employee training protocols. In all of our retail dispensaries, AAE and IIS endeavor to ensure that every one of our receptionists, budtenders, and managers are knowledgeable about the products that they serve to our patients and customers.

Similar to events held at our other retail dispensaries, AAE's managers will periodically plan "Patient Appreciation Days" and invite vendors to set up a table or booth on site in order to educate patients about the vendor's products that we sell in our dispensaries. During these events, vendors talk with almost every customer who walks into the store and often provides them with informational materials, compliant samples, and other promotional offers. These events reinforce our marketing efforts as we are able to promote consistent brands and form relationships with vendors who provide only quality, compliant, tested products and who are focused on the educational aspects of their products as well as their long-term reputation among customers.

AAE and IIS have always prided themselves in their compliance efforts and our team has a history of working with inspectors and other governmental agencies to promote ongoing compliance throughout its entire cannabis supply chain. Gone are the days of fly-by-night cultivators, manufacturers, and dealers who visit dispensaries listed on Weedmaps seeking to offload untested, unregulated cannabis and cannabis products into licensed and unlicensed shops alike. AAE and IIS maintain a list of competent, qualified vendors and distributors who can provide more than enough high-quality cannabis and cannabis products to AAE to serve all of Pasadena. Moreover, nearly all of our vendors provide educational materials in both print and online formats for customers and are always available to answer questions and provide support to customers, licensed distributors, and retail dispensaries.

If you have ever set foot in a dispensary, you have probably seen the stacks of free postcards and pamphlets that are part educational materials and part advertisement. Before placing those printed materials out for patients and customers to take, AAE reviews all printed materials to ensure that they are in line with our team's educational message and that they do not (i) offer bad or conflicting advice with regard to consuming cannabis or (ii) violate Pasadena Municipal Code advertising ordinances and other applicable laws.

Currently, AAE is working with subject matter experts and IIS' marketing team to create a cannabis safety and education pamphlet and online educational materials that AAE will offer in store and host on its website at <https://www.ShopStrains.com/Safety>. AAE plans to provide a pamphlet to each patient or customer with every purchase of cannabis or cannabis products.

Marketing

Our team brings extensive marketing experience and success to this project. Not only has Mr. Previti overseen the marketing and sale of millions of dollars in real estate and housing developments, but IIS has leveraged the marketing lessons learned in those business endeavors to successfully marketing its commercial cannabis business holdings and investments.

Jaclyn Levine is IIS' VP of Marketing. She will be developing and implementing cohesive marketing plans to increase sales and brand awareness. She will also oversee the planning, organizing, training, staffing, and managing of all marketing function to help achieve the company's objectives related to sales, growth, and profitability.

Business Initiatives

AAE plans to open "Strains," an experiential-oriented cannabis retail dispensary in Pasadena. To help AAE achieve that goal, our marketing team will pursue the following initiatives in 2019:

REDACTED

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

² 16 CCR § 5415.1. Deliveries Facilitated by Technology Platforms.

REDACTED

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Target Markets & Buyer Personas

In accordance with Pasadena Municipal Code, AAE will not create any advertising that is attractive to children or youth, nor will we sell any products with packaging that violates Section 8.10.020(D)(1) or (2)

³ Further, pursuant to Section 8.10.020(D)(3) of the Pasadena Municipal Code, all advertising will be reviewed so that it is not considered “attractive to children or youth” and all artists, influencers, and musicians displayed in any Strains advertising materials (i) will be over the age of 25 and (ii) will not include celebrities who specifically appeal to youth.

of the Pasadena Municipal Code. Additionally, pursuant to Section 8.10.020(D)(3) of the Pasadena Municipal Code, none of our advertising will:

- Mimic advertising of a non-cannabis consumer product of a type that is typically consumed by, or marketed to children or youth;
- Depicts a cartoon, or any non-human animate creature including an insect, toy, fruit, vehicle or robot, candy, baked goods, vehicles or robots typically marketed to youth;
- Uses actors or human characters who appear to be under age 21 or are under age 25; or
- Includes celebrities who specifically appeal to youth.

Fortunately, within our target markets of customers age 21 and over, our team has identified the following buyer personas to represent our ideal customers:

Gen X

Gen X is 37-53 years old.

REDACTED

Baby Boomers

Baby Boomers are 54-79 years old.

REDACTED

Market Strategy

Product

Strains will sell top quality, tested, and trusted cannabis products. We will carry REDACTED products that have been cultivated by our skilled growers, who offer a large variety of products as well as 3 limited edition strains that will be available each month. In addition to the REDACTED, we will carry a variety of high-quality third-party cannabis brands, which include product offerings such as cannabis flower, vape cartridges, edibles, dabs, shatter, prerolls, drinks, accessories, and apparel.

Price

Strains will offer competitive pricing. Because the IIS family of commercial cannabis businesses are fully integrated, we have nearby access to high quality product and can in turn offer it at affordable prices without sacrificing world-class quality and compliance. We will offer prices that are competitive in the industry and fair to our customers. In addition, we will offer loyalty programs, senior discounts, veteran discounts, and daily/weekly/monthly specials to drive more customers to the store.

Marketing Channels

Over the course of 2019, we will continue to launch and ramp up our use of the following channels for educating our customers, generating leads, and developing brand awareness for Strains Pasadena:

REDACTED

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Marketing Budget

Over the course of 2019, our team expects to invest in the following items to ensure that we meet the objectives outlined in this marketing plan:

Marketing Expense	Estimated Price
In-Store Marketing Software	REDACTED
E-Commerce	
Social Media Content Creation (1 year)	

Strains Collaborations	REDACTED
Content Sponsorship	
In-Store Events	
Digital and Print Advertising	
Total Marketing Budget	

Community Benefits

In this section, we outline how AAE will serve and benefit the Pasadena community and the city itself. AAE is aware of the City of Pasadena's goal to support and promote the quality of life and the local economy through a community engagement plan that demonstrates an understanding of the community, its values and unique aspects, and how the business will integrate into the community. To do so, AAE will describe below how it will address the following:

1. How AAE will ensure that persons most harmed by cannabis criminalization and poverty are involved in the business through a share in the ownership, management, employment, or other benefits resulting in high quality, well-paying jobs and/or other benefits.
2. How AAE includes work with local non-profits and other community groups such as youth development and educational programs.
3. How AAE includes partnerships with existing Pasadena businesses.
4. How AAE will engage with the Pasadena community.

Involving Persons Most Harmed by Cannabis Criminalization

Our team believes in second chances. Mr. Previti has donated hundreds of thousands of dollars to nonprofits with mission statements aimed at helping those afflicted with substance abuse and mental health issues. Too often, individuals affected by these issues are lost into the cyclical system of incarceration that affects many people throughout California

Between 2009 and 2016, California passed SB 678, AB 109, Proposition 47, and Proposition 57. Among other changes, these reforms directed many offenders from state to county supervision, cut the number of offenders sent to prison for specified drug and property crimes, and reduced the sentences associated with some nonviolent crimes.⁴

Historically, of those nonviolent drug offenders, a disproportionate number of those individuals affected by cannabis criminalization have been people of color. At the end of 2016, 29% of the male prisoners in state prisons were African American, while only 6% of the state's male residents are African American. The incarceration rate for African American men is 4,180 per 100,000. In that same year, 43% of the male

⁴ California's Changing Prison Population, <https://www.ppic.org/publication/californias-changing-prison-population/>

prisoners in California state prisons were Latino, while 35% of the state's male residents are Latino. The incarceration rate for Latino men is 1,028 per 100,000. On the other hand, white men make up 42% of the state's male residents, but make up only 21% of the male prisoners in California state prisons and are imprisoned at a rate of 420 per 100,000.

While these California prison reforms have released many nonviolent drug offenders, oftentimes these individuals have a difficult time finding permanent employment. Fortunately, IIS recognizes the benefit in employing some of these nonviolent drug offenders. Due to fundamental changes in the California cannabis industry over the last few decades, people who were formerly criminals are now considered subject-matter experts in their field. We have found that this kind of passion suffuses the cannabis industry and there is a deep pride found in those industry professionals who bore the brunt of state regulatory changes over the years.

If selected to operate a retail dispensary in the City, AAE pledges to recruit local Pasadena employees from these affected groups. Our local hiring plan is built upon positive experiences both hosting and participating in local job fairs. In addition, AAE will work with the Foothill Workforce Development Board (FWDB) to ensure that all of our hires are 100% local, with the exception of our executive team and subject matter experts who will be brought in to train our local workforce.

Work with Local Non-Profits and Other Community Groups

Mr. Previti has always believed in giving back to the communities that have helped him succeed and the City of Pasadena would be no exception. Through the John P. Previti Memorial Foundation, Mr. Previti has facilitated substantial, meaningful assistance to numerous worthy and reputable organizations.

Recipients of the foundation's philanthropic support have included Loma Linda University Medical Center; Steven's Hope for Children; Hope Love & Charity; Hope Through Housing; Victor Valley College Foundation; the Hurricane Katrina Relief Fund; the Ontario Montclair YMCA; Make-A-Wish Foundation; HomeAid Inland Empire, Avon Walk for Breast Cancer; Children's Fund; Smile Train; and Casa Colina.

In recent giving, the Previti Foundation provided \$1 million to Loma Linda University Health to benefit the new Children's Hospital tower and the naming of the new Learning Center.

In addition, the Previti Foundation donated REDACTED to Riverside University Health Systems Foundation to fund Pediatric items needed such as activity tablets, toys, books, and bookcases for their Medical Center for children to play with while in the waiting areas.

In 2012, the Previti Foundation provided a REDACTED donation to the Cedar House Life Change Center in Bloomington. Cedar House has offered substance abuse treatment programs to area residents for nearly 35 years. The funding will allow the center to continue its mission of restoring the lives of individuals and families who have been negatively impacted by chemical dependency, mental illness, and unhealthy lifestyles.

With regard to the Previti Foundation's involvement with Cedar House Life Change Center, our team believes that AAE and the Previti Foundation would make a meaningful and positive impact on the City-led public outreach and educational program for youth organizations and educational institutions looking to educate and inform our youth about the risks of substance abuse. Additionally, the Previti Foundation's history of giving to the Ronald McDonald House in Loma Linda makes the Pasadena Ronald McDonald House a promising potential charity with which to partner within the City of Pasadena.

Mr. Previti believes wholeheartedly that investments made into the local community repay themselves many times over. An educated youth population grows up to become productive members of society with families that strengthen the community for all of us. These beliefs are illustrated by the Previti Foundation's involvement with key causes in the Inland Empire and, if AAE is selected to operate a retail dispensary in Pasadena, would grow to encompass the City of Pasadena as well.

Partnerships with Existing Pasadena Businesses

Generally, the closer you are to your suppliers and service providers, the more efficient your business systems run. IIS has always focused on engagement with the local communities in which we operate, and this includes using local suppliers and service providers when available. IIS has adopted and integrated this approach into all segments of its business operations. When IIS opens a new location, there are numerous goods and services that need to be purchased up front and on an ongoing basis.

As described above, AAE plans to recruit and hire 100% locally. Just as Pasadena will supply AAE's workforce with employees, so too will the business community of Pasadena supply AAE with local suppliers and service providers for a myriad of startup and ongoing business necessities.

Because the cannabis industry lacks access to traditional banking, and because cash is almost exclusively the medium of exchange when purchasing cannabis in any retail dispensary in California, a commercial cannabis business will often pay its bills and vendors in cash. Because commercial cannabis businesses generally do not have bank accounts, much less credit or debit cards, many business expenses are purchased using cash generated by the business. Because items online cannot be purchased with cash, AAE would be forced to shop at stores in close proximity to the retail dispensary and within the City of Pasadena. In addition to the sales taxes and cannabis taxes generated by AAE's operation of the retail dispensary, these cash purchases made within the City by AAE provide another continuous flow of sales tax dollars directly back into the Pasadena General Fund.

If selected to operate a retail dispensary in the City, AAE pledges to purchase goods and services from Pasadena-based suppliers and service providers in the following categories as often as is practicable and available:

- Water & Power Services
 - Pasadena Department of Water and Power
- Trash & Recycling Services
 - Pasadena Department of Public Works
- Foothill Workforce Development Board
- Printer and Print Shop Services
- Office Supplies and Other Administrative Necessities
- Office Snacks and Consumables
- General Contractors
- Staffing Company
- Cleaning/Janitorial Services
- Landscaping Services
- Third-Party Security Consulting Services
- Vehicle Maintenance Shops
- Gas Stations

- Maintenance Workers
- Painters
- Catering Services

Community Relations and Engagement

In accordance with Section 5.78.200 of the Pasadena Municipal Code, AAE will provide the City of Pasadena with the name, phone number, and email address of a community relations contact to whom notice of problems associated with the commercial cannabis business can be provided. AAE will also provide the community relations contact's information to all businesses and residences located within 100 feet of AAE's premises.

During the first year of AAE's operation, the AAE team—including the owners, managers, and community relations representative—will attend meetings with the City Manager or his or her designee, and other interested parties as deemed appropriate by the City Manager or his or her designee, to discuss costs, benefits, and other community issues arising as a result of implementation of Pasadena's cannabis ordinances. After AAE's first year of operation, the AAE team—including the owners, managers, and community relations representative—will meet with the City Manager or his or her designee when and as requested by the City Manager or his or her designee.

As mentioned above, in addition to the work with non-profits that Mr. Previti and the Previti Foundation already engage in, AAE will actively participate in a City-led public outreach and educational program for youth organizations and educational institutions that seek to inform the youth about the risks related to youth use of and addiction to cannabis, and that identifies helpful resources on drugs and drug addiction that are youth-appropriate.

Product Offerings

In our experience, access to a wide variety of top-quality cannabis and cannabis products is key to running a successful retail dispensary. Surveys have shown that a large portion of our customers find our retail dispensaries due to advertising efforts on Weedmaps. Moreover, customers who locate dispensaries through Weedmaps are more likely to visit a store that has an array of offerings across all product categories. Fortunately, AAE has access to consistent cannabis and cannabis products, established brands, and compliant distributors.

Product Procurement

Our team maintains existing relationships with an extensive and exclusive list of top-level cannabis suppliers and vendors. Due to our success in the retail dispensary space, our team brings not only a wealth of knowledge and experience in selecting third-party suppliers and vendors who wish to sell their products in our retail dispensaries, but also the procedures for maintaining quality control over the products that come into the dispensary.

In addition to third party vendors, suppliers, and distributors, AAE will have access to the cannabis products supplied by Adelanto Botanical Company, Inc. (“**ABC**”) and Muskrat Distributors, Inc. (“**Muskrat**”), which collectively will provide AAE with compliant, consistent cannabis flower and manufactured cannabis products grown, created, and distributed out of Adelanto, California. Moreover, because both ABC and Muskrat are also in the IIS family of commercial cannabis businesses, access to the products grown by those companies will continue uninterrupted.

Because ABC and Muskrat are in the IIS family of commercial cannabis businesses, those operations are already subject to rigorous internal and external regulatory compliance testing procedures. Despite the fact that the cannabis and cannabis products supplied by ABC and Muskrat will already be tested, clean, and ready for retail shelves, AAE will still maintain its own retail quality assurance procedures and processes for products purchased from both IIS-affiliated companies and third party distributors in order to ensure that all cannabis and cannabis products that AAE sells are safe for consumers, including verifying packaging and labeling procedures, which are outlined on page 10 of Attachment C in the section titled “Packaging and Labeling Verification Procedures.”

Neighborhood Compatibility & Enhancement

Exterior Design Concept

While our team is aware that a location does not need to be secured at this point in the application process, AAE has carefully evaluated the draft map released by the City of Pasadena—as well as satellite maps, surveys, and property records—in order to determine potential locations for AAE’s retail dispensary. Within the seven city council districts that make up Pasadena, our team identified and reviewed over 30 addresses around the City. We selected a few of those addresses and asked our design firm, the Temeka Group, to provide examples of potential design concepts, which are included in Attachment F.

Design Concept Integration

In evaluating the numerous potential locations identified by the City of Pasadena in the draft map, our team took careful notes to ensure that our design choices made in the mockups of our potential building fit into the unique “look and feel” of the location and surrounding neighborhood.

For example, in Council District 4, there were several potential buildings that we identified as promising candidates for improvement and better integration into the surrounding neighborhood (3219 E. Colorado Blvd., 91107; 150 Cook Avenue, 91107; 370 N. Halstead, 91107; 2652 E. Walnut Street, 91107). In Council District 6, while scouting locations we identified one address (36 Pico Street, 91105) that—though slightly outside of the boundaries of the “green zones” included on the draft map—was a great example of an unoccupied building constructed in 1929 with an enormous amount of potential and a large area for parking. Our team is confident that this building (if properly separated from sensitive uses) and buildings similar to it in Council Districts 3 and 4 could be renovated, improved, and returned to productive use within the City of Pasadena.

With our team’s extensive design and building experience, we confident that we can complete a top-notch build-out from start to finish, all while fitting into the architectural fabric of each distinct neighborhood and integrating into the unique “look and feel” of the surrounding area of each potential address. Please see examples of potential exterior and interior retail dispensary design concepts prepared by the Temeka Group in Attachment F.

Integration of Security Measures

While the integrating security measures into the physical design and concept of a premises is highly dependent on the location that we would acquire if selected for a permit to operate a retail dispensary, we can provide you with examples of similar measures that we have taken at our other locations to seamlessly secure the physical premises.

As you can see in the design and layout of AAE’s Perris dispensary in Attachment G, our design team included a single driveway point of entry to slow down traffic entering and exiting the grounds. Additionally, in working with the Perris Planning Department (PPD) to develop the plans for our retail dispensary in that city, the PPD wanted us to design the facility to have only one entrance and exit in order to enhance security, and so we did. The plans for our Perris dispensary represent a very secure dispensary that is inherently easy to monitor and secure.

REDACTED

REDACTED

Landscape vegetation is also maintained so as to retain maximum visibility of the areas surrounding the building.

If selected to operate a retail dispensary in the City of Pasadena, AAE would integrate as many security measures as possible into the building and property that AAE acquires. The cannabis industry has long been associated with theft and robbery. Due to IIS' extensive experience in the cannabis industry, IIS is aware of the threats posed by burglars and robbers and believes that the best approach is a proactive one. For example, the longer it takes for a thief to get on and off the premises, the less attractive a target the location becomes. IIS regularly consults with a team of experts who know exactly how to make a commercial cannabis business unattractive to thieves both during business hours and after hours, as further detailed below.

Crime Prevention Through Environmental Design (CPTED)

The physical design of the premises, its security strategies, and policies governing the day-to-day operations of this facility have been incorporated using CPTED strategies including, but not limited to, natural surveillance, territorial reinforcement, and target hardening. Research into criminal behavior demonstrates that the decision to offend or not to offend is more influenced by cues to the perceived risk of being caught than by cues to reward or ease of entry. Consistent with this research, CPTED-based strategies emphasize enhancing the perceived risk of detection and apprehension.

Natural Surveillance

Natural surveillance limits the opportunity for crime by taking steps to increase the perception that people can be seen. Natural surveillance occurs by designing the placement of physical features, activities, and people in such a way as to maximize visibility. Potential offenders feel increased scrutiny and perceive few ways to avoid detection.

Methods employed at this facility to enhance natural surveillance include low landscaping, effective, uniform and consistent lighting, removal of hiding, and placing high risk targets, such as currency or cannabis, in view of only those parties with legitimate access purposes. In order to maintain strong natural surveillance, the facility will maintain the following policies:

- No unnecessary materials, containers, or vehicles shall be stored outside on the premises or blocking any pathways to and from the building.
- Any parking on the premises will be strictly governed by policies limiting vehicles to customers, and only during business hours. Any vehicles unlawfully parked on the premises will be towed without unnecessary delay in accordance with Section 22658 of the California Vehicle Code.
- Tree canopies, if present, shall be maintained above 8 feet to enhance line of sight into and throughout the premises.
- Ground shrubbery, if present, shall be limited to a maximum height of 24 inches.
- Exterior landscaping within 10 feet of the facility shall be free of locations which could reasonably be considered places that a person could conceal themselves, considering natural or artificial illumination.

Territorial Reinforcement

Territorial reinforcement promotes social control through increased definition of space and improved proprietary concern. An environment designed to clearly delineate private space does two things. First, it creates a sense of ownership. Owners have a vested interest and are more likely to challenge intruders or report them to security or law enforcement personnel.

Second, the sense of owned space creates an environment where “strangers” or “intruders” stand out and are more easily identified. By using buildings, fences, pavement, signs, lighting and landscape to express ownership and define public, semi-public and private space, territorial reinforcement occurs. In order to enhance territorial reinforcement, the facility will maintain the following policies:

- The parking lot and perimeter landscape of the parcel will be meticulously maintained in order to communicate an alert and active presence occupying the space.
- Private areas (all areas of the structure and its access points) will be posted with signage (described later in this plan) and equipped with overt security features.
- Uniformed security officers assigned to the premises will perform frequent patrols of the parking lot, structure, and parcel perimeters, providing an overt security presence.

Target Hardening

Target hardening is a term used in security, law enforcement, and military services and refers to the strengthening of a building in order to protect it in the event of attack, or to reduce the risk of theft. It is believed that a strong, visible defense will deter or delay most opportunistic offenders. Methods for target hardening that are incorporated into the security plan for this facility include:

- Ensuring all doors and windows are sourced and fitted in such a way that they can resist forcible and surreptitious intruder attack.
- Adding hard barriers that resist vehicle and pedestrian intrusion.
- Separating the public/lobby aspect from the product room with door-redundancies to heighten access control.
- Maintaining landscape to remove opportunities for concealment.
- Maintaining a robust indoor and outdoor surveillance system.
- Maintaining a robust UL-rated intrusion detection system.
- Maintaining a state-of-the-art electronic access control system.
- Maintaining a uniformed security presence during all hours.
- Maintaining stringent hiring and training standards including continuing education.

Visibility of Cannabis & Signage

Cannabis or cannabis products or graphics depicting cannabis or cannabis products within the facility, or being delivered to the facility, shall not be visible with the naked eye from the perspective of a pedestrian immediately outside the property line of the facility.

AAE will limit business identification signage to a single wall-mounted sign, installed in accordance with Section 5.78.170(F) of the Pasadena Municipal Code. Such signage shall be limited to the identification of the licensed business' name and shall contain no advertising of symbols, language, music, gestures, cartoon characters, or other content elements known to appeal primarily to persons below the age of 21. The sign will not extend above the highest point of a parapet wall or the lowest point of a sloping roof.

Additionally, AAE will use signs posted around the premises as integrated deterrents to crime by making potential offenders wary that they are being watched. Upon or adjacent to each door accessing the structure, the business will post a sign, not less than 12 inches wide and 12 inches high, composed of letters not less than one inch in height, that reads, "All Activities Monitored and Recorded by Video Camera," advising all persons entering the premises that a video surveillance and camera recording system is in operation at the facility and is recording all activity.

The business will post a sign in a conspicuous place on the outside of the building, near the entry to the premises, clearly and legibly posted indicating that the following are prohibited upon the premises:

- Smoking, ingesting, or consuming cannabis, marijuana, alcohol, or possessing deadly weapons;
- Persons under the age of 21 (except medical patients 18 or older);
- Visitors wearing hats, sunglasses, hoodies, or any other accessories that obscure identity; and
- Personal bags, backpacks, duffel bags, large purses, or other containers.

Air Quality / Odor Control

We understand that not everyone enjoys the smell of cannabis in its various stages from cultivation to final product. IIS has a history of cooperating extensively with local jurisdictions, and because AAE wants to safely and politely integrate into the business community, ensuring that the smell of cannabis does not emanate from our premises is of utmost importance. Our ultimate goal is to keep the smell of cannabis confined to our premises in accordance with Pasadena Municipal Code and to be proactive in purifying the air within the dispensary to ensure that it is odor-free before it is cycled out of the building.

In addition to following local law, we view odor control as a means to maintaining our reputation in the community and so as not to interfere with neighboring businesses and land uses within the City of Pasadena. AAE will be a positive member of the business community if selected to operate. Rest assured that AAE will leverage IIS' deep knowhow of not only residential and commercial HVAC systems, but also custom climate control systems and air purifiers related to controlling odors that have performed well in cultivation, manufacturing, distribution, and retail dispensary facilities. In accordance with Section 5.78.170(H) of the Pasadena Municipal Code, AAE will install and maintain (i) an exhaust air filtration system with odor control that prevents internal odors from being emitted externally and (ii) an air system that creates negative air pressure between the interior and exterior of our building so that odors generated inside are not detectable outside the premises.

Though the smells that are generated inside a retail dispensary are typically minimal compared to that of a cultivation or distribution facility, AAE will use Agriair® PG-HVAC Air Purifiers, which use a proven air filtering technology installed within the ducts of the building's HVAC system, in addition to the odor control methods described above. An air filter like this will suppress odors throughout the inside of the facility so that no strong cannabis smells can escape outside and onto neighboring property. Because of IIS' experience with large-scale indoor cannabis cultivation operations, our team is familiar with climate control

systems and odor reduction practices that have worked on a large scale and can easily be installed in any building that we acquire within the City of Pasadena.

Security Plan

Security Experience

We understand that there are considerable risks in operating a commercial cannabis business. Those risks include burglary, robbery, internal theft and theft by outside parties, product diversion by employees, risk of minors accessing product, and risk to the safety of employees. AAE is committed to ensuring a safe environment that mitigates as much risk as possible. Risk mitigation includes, but is not limited to, implementing the security requirements as mandated by all state and local laws. In addition to ensuring the safety and security of our employees, our team understands it is our responsibility to ensure safe operations for the entire Pasadena community.

Our team has the experience necessary to implement a rigorous, comprehensive, and compliant security plan as it has done so at all of the other facilities in the IIS family of commercial cannabis businesses. IIS regularly consults with security specialists to further improve and iterate on the individual security plans in place at each IIS commercial cannabis business. Leveraging IIS' security consultants and our team's experience working with those consultants to customize each security plan, AAE's security plan will be tailored to the final site plan and will align with, and in many cases exceed, the requirements of local and state laws.

The security plan will be design and implemented by Direct Solutions Security Group (DSSG), AAE's Security Director once appointed, as well as other key members of our team. Once a Security Director is appointed, AAE will identify this individual as the designated security representative/liaison to the City of Pasadena, who shall be reasonably available to meet with the City Manager or his or her designee at any time regarding any security related measures or operational issues.

DSSG was founded by Martin Vasquez, a security professional with 20 years of experience in the industry. DSSG is licensed by the Bureau of Security and Investigative Services and carries a **REDACTED** E&O insurance policy. Mr. Vasquez is a former Marine who holds a Security Training Facility license, a DOJ Firearms Instructor license, a POST Instructor license, a DOJ Instructor license, a Private Patrol Operator's license (#17421). All of DSSG's guards have passed FBI and DOJ background checks and are all licensed. DSSG currently provides security services at AAE's other retail dispensary in Adelanto and their history of professionalism and success makes us confident in their continued success in Pasadena.

In addition to contracting with DSSG, AAE's security plan will also be reviewed by IIS' consultant third-party security professionals prior to implementation, at least once per year, and after any security related incident in order to ensure that the security plan is current and that areas needing improvement are addressed as they are discovered.

The plan will remain available for review by regulatory agencies (including local law enforcement) and will be updated as any changes to AAE's infrastructure, security systems, policies, or practices are made. Our team will work closely with local law enforcement and regulatory agencies to ensure that the plan meets or exceeds all of the minimum security requirements imposed by the City of Pasadena and all applicable California regulatory agencies.

The plan is intended to serve as a living document governing the facility's security during its design, and throughout its years of operation. The plan shall be amended by DSSG and the Security Director over time to address equipment or policy changes and shall include specific details relating to installed security equipment, contracts, maintenance schedules and logs, and evidence of compliance with the routine security

auditing aspects that will be part of the plan. The plan shall be maintained in a manner that ensures sufficient detail is available to future managers or owners who may be required to assume responsibilities as the Security Director. The plan shall be held in confidence, stored in a secure location, and accessible only to managers and owners of the facility.

Security policies, procedures, and practices that are relevant to non-managerial employees, vendors, and visitors will be parsed from the plan and provided to such persons in a format appropriate for their training, testing, and accountability with respect to the plan.

Background Checks

The safety of our customers, our employees, our community, and our business rely on the safe and compliant operation of our business. California state law provides a workable framework for creating a safe, compliant commercial cannabis business and IIS has the proven experience necessary to build successful retail dispensaries.

One relatively inexpensive method of ensuring that the individuals we hire are honest with us in reporting their past criminal convictions is to conduct a pre-employment background check. Pre-employment background checks will be conducted by an accredited member organization of the National Association of Professional Background Screeners (www.napbs.com). Disqualifying history for a potential employee will include:

- Current probation, parole status, or history of gang affiliation;
- Controlled substances trafficking convictions (except for cannabis convictions for nonviolent offenders that would be allowable in accordance with AAE's social equity goals);
- Convictions relating to theft, fraud, or conspiracy; and
- Convictions related to violent crime.

AAE will also conduct annual employee background checks using the same disqualifying standards listed above.

In addition to our own pre-employment and annual background checks, pursuant to Section 5.78.170 of the Pasadena Municipal Code, every person listed as an owner, manager, supervisor, employee, or volunteer of AAE must submit fingerprints and other information deemed necessary by the police chief or his/her designee for a background check by the City of Pasadena's police department prior to either employment or issuance of a commercial cannabis permit. Any individuals with specific criminal conduct on their records will be denied employment by AAE. Lastly, AAE will pay any fees incurred by the Pasadena Police Department that are associated with the background investigations of its owners, managers, supervisors, employees, or volunteers.

Employee Safety Education

AAE's managers and employees, including AAE's Security Director, will be re-trained periodically with regard to company-wide safety procedures to ensure ongoing compliance and to reinforce their knowledge.

Security Plan Oversight and Training

AAE acknowledges that our team bears the ultimate responsibility for security of the premises and so AAE will delegate security duties to a Security Director, who will be appointed by Mr. Previti. Additional information on duties associated with the Security Director are outlined below.

The Security Director is responsible for all aspects of this security plan, including management of all security technology, transportation security, access control to facilities, training of employees, tenants, and visitors, and for the contracting and supervising of licensed security officers. The Security Director will be responsible for theft prevention, plan auditing, systems testing, and for ensuring that minors do not enter the premises.

The applicant will provide regulatory agencies with the name, telephone number, and e-mail address of the Security Director who will serve as the security liaison with whom regulators or inspectors can provide notice if there are security concerns associated with the facility, or to whom regulators may refer members of the public who may have any concerns or complaints regarding the security of the cannabis facility. The applicant will provide contact information for the Security Director to all businesses and residents located within a 100-foot radius of the facility.

The Security Director shall be reasonably available to meet with regulators or their designees regarding any security related concerns or operational matters.

Staff must understand their respective security roles and responsibilities including the chain of command (in the event of any security breach). Employees at all levels will be trained by AAE and the Security Director in order to identify threats and vulnerabilities, devise mitigating strategies and contingencies, and educate them on circumstances related to when and why they could be targets of threats and how to respond accordingly.

Staff will be tested semi-annually regarding their knowledge of the facility's security strategies and systems and how to utilize them. Development of policies and procedures will be ongoing during and after the security planning process. AAE, once it has selected a location on which to operate, will determine critical control points where security knowledge will be required when handling cannabis products, currency, personnel, visitors, and more.

Training all employees on security procedures will ensure AAE's retail dispensary facility remains a safe place for employees and visitors alike. To demonstrate that the employee understands and has successfully completed training, all employees will be required to undergo an assessment. Assessments shall include, at a minimum, a hands-on demonstration by the employee as it relates to security measures and policies included in the training.

The applicant will conduct a variety of quarterly drills at the facility to ensure that all employees understand how to respond to various emergencies or threats at the facility. Fire drills, armed robbery, and burglary discovery drills are examples of drills that may be conducted on the premises as part of comprehensive security training.

Mandatory Training of Personnel on Security Plan

All employees working in the facility shall complete introductory training relating to facility security prior to engaging in any occupancy or work on the premises. Training shall include, at a minimum, the following:

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Robbery Prevention Training

Prevention:

- Robberies most often occur at opening and closing times. Be especially vigilant on arrival and departure. Do not justify-away unusual observations. If something seems awkward, it probably is. Report any suspicious activity before proceeding in or out of the facility any further.
- Never handle product or currency in view of the public or in uncontrolled areas.
- Maintain natural surveillance at all times; keep areas clear of obstructions.
- Keep doors locked at all times; even if only stepping away momentarily.
- Maintain lighting, alarm, and surveillance systems in operable and reliable order.

During a Robbery:

REDACTED

After a Robbery:

REDACTED

Managing Unusual Occurrences

Decoys are a common tactic used by those wishing to commit burglaries or robberies. Traffic collisions, vehicle fires, dumpster fires, domestic quarrels, and other measures to distract occupants may be deployed by criminals to overcome facility security. Upon the occurrence of any significant event on or immediately around the property, the first to observe the occurrence shall notify the on-duty manager. The manager will

be responsible for activating a facility lock down. An emergency lock-down incorporates the following measures:

REDACTED

Burglary/Theft Prevention Training

Systems Awareness:

REDACTED

Perimeter Security:

REDACTED

Internal Security:

REDACTED

Managing Burglaries:

REDACTED

Employee Protection

In order to reduce take-over robbery attempts by way of employee ambush on arrival, facility security policy requires that employees arriving for work:

- Park only in designated staff parking areas.
- Park in the nearest available space to the staff entrance at their time of arrival.
- Arrive no earlier than 10 minutes prior to their scheduled start time.
- Retreat to a safe location and telephone the facility if upon their arrival they observe any suspicious persons or vehicles at or immediately about the facility.

- In order to reduce take-over robbery attempts by way of employee ambush on departure, facility security policy requires that employees departing from work:
 - Depart in pairs or groups.
 - Depart only through the lobby doors, and only upon reviewing external camera views to ensure that no suspicious persons or activity are afoot nearby.
 - Immediately depart the premises and adhere to a strict prohibition of loitering on or about the premises.

Security Plan Maintenance

Any effective security plan requires ongoing maintenance and the assignment of related responsibilities. The facility owner/operator will appoint a member of the management team as the facility's "Security Director". The security manager will be responsible for the implementation, supervision and compliance with all aspects of the security plan on a day to day basis. In addition, the security manager shall perform the following tasks as or more frequently as indicated below, immediately implementing corrective actions where warranted:

Daily:

- Physical and digital inventory of products.
- Physical and digital accounting of currency.
- Inspect visitor badges and log sheet, account for all passes.
- Inspect employee badges and log sheet, account for all badges.
- At close of business, physically clears each room of the facility of employees and hazards, ensures all interior doors of significance are closed and locked.
- At close of business, arms alarm system, ensuring all zones arm successfully.

Weekly:

- Inspect perimeter fences and doors for operability and security.
- Inspect exterior and interior doors for proper function and security.
- Inspect exterior lighting for outages or impositions by vegetation/debris.
- Inspect intrusion detection system, test monitoring communications.
- Inspect surveillance system: firmware, software and operating system.
- Inspect surveillance system: viewing angles, cleanliness, operability.
- Inspect key control logs for anomalies/missing keys.
- Inspect property for impositions to natural surveillance (abandoned cars).
- Inspect signage to ensure it remains posted in accordance with plan.
- Test battery backup systems relied upon by alarms and surveillance.

Monthly:

- Inspect vegetation, ensuring 24-inch shrub limits and 6-foot canopy limits.
- Audit employee files, determine those due for background investigations.

Quarterly:

- Verify license & insurance status of contracted third party service providers.
- Host team meeting specific to security protocols, test the staff.

Annually:

- Review security plan in its entirety and update with applicable changes.

Employee Theft Reduction Measures

In addition to pre-employment and annual background checks, as detailed above, AAE intends to implement and maintain the following strategies aimed at the prevention of internal theft:

- Prohibiting visitors
- Prohibiting outside tools/supplies
- Employees to sign consent to search policy as condition of employment (including their person, possessions, and vehicles while on the premises)
- Employee tracking will be performed (time clock, sign in/out, or similar)
- Employee internal movements will be monitored by video surveillance
- Only owner and managers will have access to bulk product and limited access areas (vault room)
- Vendors and service providers who are making deliveries or otherwise performing work on site will be under manager escort at all times

AAE intends to cooperate and maintain an “open door policy” with law enforcement and Pasadena regulatory authorities at all times. To that end, AAE will inform and encourage all of its employees to follow AAE’s policy of constant cooperation with law enforcement and regulatory authorities in order to discourage internal theft. In accordance with Section 5.78.160 of the Pasadena Municipal Code, AAE will notify the City Manager or his or her designee within 24 hours after discovering any of the following:

- Significant discrepancies identified during inventory. The level of significance shall be determined by the regulations promulgated by the City Manager or his or her designee.
- Diversion, theft, loss, or any criminal activity involving the commercial cannabis business or any agent or employee of the commercial cannabis business.
- The loss or unauthorized alteration of records related to cannabis, registering qualifying patients, primary caregivers, or employees or agents of the commercial cannabis business.
- Any other breach of security.

Cash Management Plan

Because California’s commercial cannabis businesses are currently unable to access traditional banking, cash storage and cash pickup procedures are paramount. Not only for the obvious business reasons, but also from a safety and security standpoint.

Cash Storage and Cash Pickups

Daily cash drops over [REDACTED] will be made into an [REDACTED] vault that [REDACTED]. An armored truck will visit the dispensary weekly and cash will be transferred from the [REDACTED] vault into the armored truck for transport to secure, off-site storage.

As the dispensary generates larger and larger amounts of cash, it will be separated into separate amounts for taxes, business expenses, business reserves, and long-term savings. These different amounts will be

stored in a combination of REDACTED both on-site and off-site, as necessary. All off-site storage of cash will be transported by armored truck.

Beginning of the Day

The manager on duty REDACTED. Then the manager counts the money and compares the total to the prior day's till. There are two stacks of cash: REDACTED for the registers, and REDACTED for retail operations only. The register cash is sometimes called "float." Between these two balances are documents from the prior day: the Daily Cash Sheet and the Register Count Sheet.

After cash is matched to the prior day balance by the opening manager, the register is stocked with REDACTED in small bills, and the retail cash safe is locked.

Within Shifts

The register is used to receive cash from customers and shop runs for daily supplies, such as cleaning supplies and storefront maintenance. For client sales, all payments are updated directly into the POS system, and client receipts are printed from the POS and handed to clients. For shop run payments, the payment is logged in the POS, and the Register Count Sheet is updated with the specific supplies purchased, amount being withdrawn, and name of the receiver of the amount.

The cash safe is opened during the day by REDACTED to exchange for smaller bills, make vendor payments, and bi-weekly payouts to retail employees and managers. Payouts to employees and managers will be made only by the General Manager and withholdings and paystubs will be managed by SourceOne, AAE's cash payroll management company.

Between Register Shifts

The sales representative (budtender) manning the register and the manager count the register balance before the sales representative is allowed to leave. When a new sales representative gets on the register within the same day, the new sales representative and manager recount the cash in the register before the shift begins.

If there are any differences in cash register balances compared to the expected amount in the POS, the difference is noted in the Over/Short Sheet. The amount of over/short incidents is considered during employee performance reviews.

End of the Day

The cash register is counted by the closing manager every night and all cash is stored in the on-site cash safe or in an underground vault for daily cash balances greater than REDACTED. The cash count process involves two managers being present. On the days that there is only one manager present to close the dispensary, the manager performs the cash count on his or her own.

The daily reconciliations of cash involve three main steps:

- 1) Updating a Daily Cash Sheet with data from the Register Count Sheets, and totals from credit card sales and vendor payments.
 - a) The daily cash counts from the register is totaled for the update by the on-shift manager.
 - b) The daily vendor payments that have been written on the Register Count Sheets or Daily Cash Sheet are totaled for the update.
- 2) Updating data to the Cash Summary spreadsheet.
 - a) The daily cash count totals.

- b) The vendor payments, including which specific day, vendor, and total amount of grams delivered per vendor. There a column in the Cash Summary spreadsheet that notes specific vendor payments and amounts paid out each day.
- 3) Comparing Cash Summary spreadsheet totals to the POS balances.
 - a) The cash totals for the day are compared against gross sales in the POS by the closing manager.
 - b) The vendor payments are compared against the prior day's use and balance to the prior day's cash.
- 4) End of Week Operations: End of Final Shift Sunday
 - a) Collect Weekly Daily Cash Sheets and Register Count Sheets
 - b) Collect Vendor Invoices
 - c) Send Controller via email all forms collected from the week for storage, with every manager who worked that week included in communication.

In short, the Register Count Sheets, and vendor totals are reconciled to the Daily Cash Sheet (for all registers). Daily Cash Sheets are updated to the Cash Summary spreadsheet, which is reconciled to the POS and the cash ending balance.

Once the Daily Cash Sheet is reconciled to the Cash Summary spreadsheet and the POS, the related documents are stapled together and wrapped around that day of money, including \$200 separated out for the next day's cash registers, and the rest for operations.

The Cash Summary spreadsheet, includes a column to note each withdrawal made from each specific day. It is required for every manager or director to sign for each withdrawal and note on that Daily Cash Sheet the purpose, amount and date of withdrawal.

Storage of Cash Records

Cash records, such as the daily reconciliation packages of Cash Summary and Register Count Sheets, are filed and kept on site for a period of ten years. As these cash records are generated, a manager makes a copy of each of those records and digitally transmits them to AAE's controller for off-site storage and record keeping purposes.

Taxes

The manager pays (i) taxes based on AAE's gross receipts to the City of Pasadena quarterly and (ii) sales taxes to the California Department of Tax and Fee Administration (CDTFA) quarterly. Money orders are created to pay these taxes, and the cash used to create these money orders comes from the cash saved in the underground vault for this purpose. These payments are made by the General Manager three days before tax due date or as soon as tax amounts are established.

Product Access Protocols

AAE acknowledges that it is responsible for the security of all cannabis and cannabis products on the premises, including its responsibility to ensure adequate safeguards against theft or diversion of cannabis items and required records.

The Security Director will designate internal managers and may utilize licensed security contractors to accomplish these goals. Any contracted security services and their agents will be duly licensed and insured

per the requirements of the California Private Security Services Act and in compliance with local regulations of private security services, where applicable.

The Security Director will ensure that all doors of the premises include commercial-grade door locks and that each interior and exterior door of the facility maintains an appropriate level of access control relative to the hierarchy of risk and access restrictions relative to each area of the facility. The applicant may incorporate a variety of access control measures as warranted by the contents of each area. Access control measures may include keys marked as "Do Not Duplicate," electronic access control systems (cards/fobs), key-coded doors, or biometric security measures.

REDACTED issued to employees will be managed through a written or digital sign-in/sign-out log and audited daily by the Security Director or his or her designee. Only **REDACTED** designated by the Security Director will be permitted to take keys, access cards, or fobs off-site.

The Security Director shall ensure all locks and security equipment remain in good working order through daily auditing at the close of business.

Employees are responsible for security and must secure keys, access control cards, and security codes at all times. Employees may not provide access through any means to any other person. Only **REDACTED** may grant temporary access to any employee, vendor, contractor, or visitor (i.e. regulatory inspectors).

All exterior entry points will be maintained in a closed and locked state at all times and attended by a security officer during all operating hours of the business. All interior doors designated as high security, limited access areas (i.e. product and currency storage vaults) will remain closed and locked at all times.

At any time when the business is not operating, all interior and exterior doors will be closed, locked, and alarmed.

All rooms that contain cannabis products, currency, and security system infrastructure shall be equipped with a door that contains an automated re-locking device to prevent inadvertent exposure upon vacating.

All finished product and/or currency kept on the premises will be secured in a limited access area inside a vault. Any vault on the premises will be commercial grade, made of metal, and of a size that is capable of storing all of the product and/or cash anticipated to be on the premises. The vault will be securely anchored to a permanent structure, and will meet or exceed Underwriters' Laboratory (UL) rating based on the value of its contents.

For the purposes of AAE's security plan, "vault" means an enclosed area or room that is constructed of steel-reinforced or block concrete walls, has a door that contains a relocking device, and a door and frame comprised of steel construction.

In the event that the facility maintains cannabis items that require refrigeration on the premises, those items will be securely enclosed in a refrigerator or freezer capable of being locked and which has been securely anchored to a permanent structure of an enclosed area equipped as a vault (as described above). The model type and weight of any safe or storage refrigerator, will be documented in these procedures upon implementation.

Employees shall wear employer-issued identification card in a conspicuous manner at all times while within the facility. Identification cards shall be controlled by the facility manager, issued and collected daily to prevent unlawful duplication, replication, or counterfeiting. Identification badges shall:

- Be laminated or plastic coated;

- Include the fictitious business name or the “doing business as” name of the licensee and license number of the licensee;
- Include the first and last name of the employee;
- Include a unique employee number assigned by the licensee; and
- Include a color photograph of the employee. The image shall:
 - Clearly display the full front of the employee’s face; and
 - Be at least 1 inch in width and 1.5 inches in height.

Any solid core exterior doors shall be equipped with a 180-degree viewing device to screen persons before allowing entry.

Access Control Policies

During all hours when the facility is not in operation, the Security Director or his representative will ensure that all entrances to and exits from the premises are securely locked and any keys or key codes to the enclosed area remain in the possession of designated managers, the Security Director, or other authorized personnel designated by the Security Director. The Security Director shall maintain an accurate and current written or electronic log identifying those parties in possession of access keys, cards/fobs or codes.

Access to areas containing cannabis, currency or security infrastructure will be limited to individuals where a business need for access is demonstrated. The Security Director has ultimate responsibility for issuing access. Issuance must be recorded by the issuing individual, including documentation of any facility keys, alarm codes, electronic access codes, passwords, or combination codes.

All entrances to areas of a cannabis facility where cannabis products are stored shall require a key, access card/fob or code to access. All access points to such areas will be equipped with video surveillance.

Access control logs generated in accordance with this policy or through employment of digital access control systems shall be retained for no less than 90 days.

Keys and electronic access codes must be protected. They may not be loaned and shall not be left unattended. All keys and access cards issued to employees shall be retained in the possession of the employee to whom issued and may not be transferred directly from one employee to another.

Employees must report any lost keys or access cards to his or her manager immediately. The Security Director will make a determination as to whether the system has been compromised and whether re-keying will be necessary. It is against company policy to duplicate keys, share passwords, or share access codes.

Key/Access Card Issuance Procedures

Authorized individuals including employees, authorized contractors and authorized vendors may be permitted to check out a key or access card/fob for use during their assigned work. The issuance will be for a specified period of time consistent with the authorized purposes for access.

Keys or access cards shall be issued and collected daily to employees for the purpose of allowing the employee to access the areas in which they are regularly assigned duties. A log of all issuance must be maintained by the Security Director. The record shall include: Employee name and identifier; date issued; term of issuance if applicable; date to be returned; if applicable, and signature of the key holder and key issuer.

When employment has been terminated, all keys will be returned and recorded by the Security Director or assignee. Failure to recover keys upon a termination of employment shall require a key core change at all locations where the unreturned key is designed to provide for access.

Intrusion Detection System

The licensed premises will engage the services of a licensed alarm company operator (ACO) who is listed with Underwriters' Laboratory (UL) to install, maintain, and monitor an alarm system that is activated at all times when the business is closed. The system will detect unauthorized entrance at all entry or exit points, and all exterior windows of the premises. It will also detect movement in the licensed premise when the premises are vacant of employees.

The monitoring center will be instructed to notify a contracted and duly licensed private patrol operator who will be responsible for providing a timely response, no greater than 20 minutes. The private patrol operator will be instructed and equipped to notify the Security Director in the event of a breach in security (open door). The Security Director or its designee shall be able to respond to assist in evaluating the activation within one hour.

Where evidence of criminal activity is discovered by the private patrol operator or the responding Security Manager (or designee), those responding shall retreat to a position of safety and observation, shall alert local law enforcement and shall assist law enforcement with all necessary access to and within the facility as is needed to investigate.

The alarm system will be comprised of but not limited to components including keypads, perimeter sensors (used to secure doors, windows, bay doors, roof hatches, or any other means of entry), motion detectors, glass break sensors, panic buttons, and audible sirens within the limitations imposed by ordinance.

The Security Director will be responsible for ensuring the alarm system and all components are in proper working order, and the system will be tested periodically, as recommended by the Security Director.

Upon request, AAE shall make all information related to security alarm systems, monitoring and alarm activity available to regulatory agencies and local law enforcement.

The Security Director or its designee shall be the last person leaving the facility at the end of business each day. There will be notifications established to notify the Security Director and the contracted private patrol operator if the alarm is not armed after a specific time. As a fail-safe measure, the alarm system will be programmed to automatically arm at a designated end-of-business time.

In the event that any element of the monitored alarm system becomes inoperable or faulty, the Security Director shall ensure that the facility is staffed on a 24-hour basis by a designated manager or a licensed private patrol operator until such time as the alarm system is verified as fully operational and functional. Bypassing of faulty components while the facility is unmanned shall be prohibited.

A silent robbery alarm monitored by a UL listed central station shall be installed near or within the within the lobby, point of sale counters and near or within the vault/safe room(s).

The facility alarm system shall be equipped with battery back-up providing for at least 24-hours of continued operation in the event of a power failure.

The Security Manager or its designee shall be able to respond to the location within one hour of a system activation to assist the contracted private patrol operator or law enforcement.

The facility alarm shall be equipped with cellular back-up to ensure continued notifications in the event of a facility phone line disruption.

The facility alarm system shall be equipped with “non-emergency notification” technology that allows administrators and/or security contractors to be notified of any unwanted activity in any part of the facility. These notifications are considered “non-emergency” because they can be sent when the system is disarmed (i.e.: power outage, sensor malfunction, etc.).

The facility alarm system shall be equipped with an audit feature that allows the Security Director to review all system activity for up to no less than 90 days.

Employees whose work requires issuance of alarm codes will be issued an individual user code to ensure codes to prevent the sharing of alarm panel codes. An audit trail will provide detail of which user codes are used and when they are used. The Security Director shall audit this log for suspicious activity on a monthly basis and shall maintain a log of auditing activities. Any suspicious activity discovered during the audit process shall be immediately investigated.

Product Deliveries

Because AAE is in the IIS family of commercial cannabis businesses, it has access to a large and consistent supply chain from within IIS’ cannabis companies and from established, reputable third party distributors. Since beginning retail dispensary operations, AAE has received thousands of vendor deliveries without a single security incident due to both its vendor screening process and its security procedures.

All vendors will meet with managers or owners by appointment only. Interactions with vendors will be video recorded and monitored by a security guard from the moment a vendor enters the premises to the moment they leave. At each vendor’s appropriate appointment time, a security guard will escort the vendor from his or her vehicle and into the store as well as escort the vendor back to their vehicle when their business is concluded. Additionally, managers and owners will conduct all vendor deliveries, product verifications, and vendor payouts in a designated secure office that will be under 24 hour video surveillance.

When vendors arrive on the premises, they are asked to sign in on a visitor log in the reception area. Our receptionist will verify the vendor’s identification and give the vendor a clip-on visitor’s badge, which he or she will wear at all times while on the premises. When the manager or owner is available, he or she will meet the vendor in the lobby and escort the vendor to a designated secure office area where the manager or owner will verify the products being delivered; create, sign, and record applicable manifests and Metrc submittals; and pay the vendor in cash. At all times that the vendor is inside a limited access area, he or she will be escorted by a manager on duty.

Though our exact protocol related to vendor security may vary based on the location that AAE selects, the City of Pasadena can rest assured that AAE will take the maximum precautions available to ensure vendor, employee, and customer safety. For example, if the building we acquire has a vehicle bay, then AAE will install a locking gate around it, post a security guard at the entrance during vendor appointment times, and use that secured vehicle bay for vendor deliveries so as to maintain separate entrances for vendors and customers, thus minimizing a vendor’s exposure to opportunistic offenders.

Security Guards

In accordance with Section 5.78.160 of the Pasadena Municipal Code, AAE will ensure that [REDACTED] is on-site at the premises 24 hours a day. All security personnel will be licensed by the State of California Bureau of Security and Investigative Services and shall be subject to the prior review and approval of the City Manager or his or her designee.

AAE will maintain at all times a contract with a state-licensed private patrol operator approved to conduct business in the City of Pasadena. Services contracted will include, at minimum:

- Armed, uniformed security officer to provide delivery stand-by services and to escort deliveries from adjacent street parking into the vendor delivery area.
- Armed, uniformed security officer on site performing staff escorts, access control, live video monitoring, and crime deterrence on a 24-hour basis.
- Random patrol services during non-operational hours incorporating, at minimum, one facility patrol for every three hours of facility vacancy in order to verify the welfare of the assigned security officer(s) and to provide for a second layer of facility security oversight.

Video Camera Surveillance

In compliance with local and state regulation, AAE will utilize a digital video surveillance system that will be installed by a licensed third-party surveillance solution installer. The surveillance system will meet or exceed the following standards and shall abide by the policies and practices described below:

The surveillance system shall be capable of recording all pre-determined surveillance areas in any lighting conditions (day/night cameras). Cameras shall be equipped with low light capability, auto iris, and auto focus. Cameras shall record at high resolution providing resolution of no less than 2 megapixels. The DVR/NVR shall be set to the highest quality setting available.

The video surveillance system shall be transmission controlled protocol (TCP) enabled and capable of access over the Internet.

The surveillance system shall be operational at all times, both during and after business hours. In the event that any element of the surveillance system becomes inoperable, the Security Director shall ensure that the facility is staffed by a designated manager and/or a licensed private patrol operator until such time as the surveillance system is restored to full functionality.

Sufficient cameras, angles of observation, and lighting to allow facial feature identification of persons in interior and exterior areas where cannabis or cannabis products are present at any time. Video shall be of sufficient quality for effective prosecution of any crime found to have occurred on the premises.

Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit of the premises, and allows for the clear and certain identification of any person and activities in all areas recorded, which shall include at a minimum the following:

- Areas where cannabis is stored, loaded, unloaded, prepared, dispensed, or moved within the premises;
- Limited/restricted access areas;
- Rooms containing security infrastructure;

- Rooms containing video storage systems and access points thereto; and
- Interior and exterior vantage points relative to all premises access points.

All surveillance recordings will be accessible to law or code enforcement officers at all times during operating hours and otherwise upon reasonable request. All surveillance recording systems will have the capability of producing DVDs or exporting to other removable media the recordings made by the surveillance system, including still photograph images. Output shall be of standard format (e.g. MPEG, JPG) and shall not require proprietary software to open, transfer, or view.

All surveillance recordings or still frames produced by the surveillance system shall be accurately date and time stamped in accordance with measurements from the United States National Institute Standards and Technology. AAE's Security Director will be responsible for updating or verifying accuracy of date and time stamping on a monthly basis, and as daylight savings time begins and ends.

The surveillance equipment and recordings will be stored in a locked, secure area that is accessible only to owners, management, the Security Director, or other authorized personnel designated by the Security Director.

Surveillance recordings shall be subject to inspection by regulatory agencies and will be kept in a manner that allows regulators to view and obtain copies of the recordings at the licensed premises immediately upon request.

The physical media on which video recordings are stored will be stored in a secure manner sufficient to protect the recordings from tampering or theft.

Upon request from a regulatory agency, AAE will send or provide copies of specified recordings to the regulatory agency within the time specified by the regulatory agency.

The surveillance system will be equipped with a failure notification system that provides, within fifteen minutes, notification to the Security Director of any prolonged surveillance interruption or failure.

The surveillance system will be equipped with sufficient battery backup or automatically starting generator to support a minimum of 24-hours of recording time in the event of a power outage.

The surveillance system will record at no less than 20 frames per second.

The surveillance system will provide for on-site storage of consistent recordings and cloud-based storage of motion-activated recordings for a period of no less than 90 days.

Access to surveillance infrastructure and recordings shall be limited to owners and managers.

Surveillance displays including sensitive areas (such as product storage, currency storage, and loading areas) shall be maintained in areas limited to viewing by owners and management only.

Surveillance displays providing visibility of the employee parking areas and property perimeters shall be provided at locations that employees will depart from, providing employees the ability to monitor the outside environment prior to departing the building.

The Security Director or a designated manager with access to video storage shall be able to respond to the facility within one hour of summoning by the contracted private patrol operator or law enforcement.

The facility shall maintain a surveillance viewing area in an office that may be accessed only by owners, management, the Security Director, or their licensed assignees, as needed. Assignees may include state or

local law enforcement agencies, licensed private patrol operators, governing bodies' employees, and authorized service personnel or contractors. The entrance to this office shall be locked whenever the office is not in use, and accessible by a key or electronic keying system.

The Security Director will maintain a current list of all authorized employees and service personnel who have access to the surveillance system and the surveillance room on the premises.

The Security Director will keep a surveillance equipment maintenance activity log on the premises to record all service activity, including the identity of any individual performing the service, the service date and time, and the reason for service to the surveillance system.

Surveillance system installation will be performed professionally, ensuring that placements and associated wiring are protected against intentional or unintentional damage. Cameras will be installed and placed in a manner that avoids intentional or unintentional obscurity.

Armored Vehicle

As detailed above in the Cash Management Plan section, AAE will contract with a licensed armored car service to pick make weekly cash pickups and to facilitate all transportation of cash from the premises for secure off-site storage.

Attachment A

Licenses Held by the IIS Family of Commercial Cannabis Businesses

Adelanto Air Expressway, Inc. (AAE)

Local Permits Issued by the City of Adelanto

1. Medical Retail – MMDP 17-06
2. Adult-Use Retail – MAUD 18-17

Local Permits Issued by the City of Perris

1. Medical and Adult-Use Retail – PLN17-05228

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Adelanto Medicinal and Adult-Use Retailer Temporary License – M10-18-0000353-TEMP
2. Perris Medicinal and Adult-Use Retailer Temporary License – C10-18-0000125-TEMP

California Organic Treatment Center, Inc. (COTC)

Local Permits Issued by the City of Los Angeles (COTC's Account Number: 0002205101-0001-8)

1. Medical Cultivation Specialty Indoor – Fund/Class: J062
2. Adult-Use Cultivation Specialty Indoor – Fund/Class: J072
3. Medical Distributor – Fund/Class: J080
4. Adult-Use Distributor – Fund/Class: J090
5. Medical Retail – Fund/Class: J010
6. Adult-Use Retail – Fund/Class: J020
7. Medical Manufacturer Level 1 – Fund/Class: J083
8. Adult-Use Manufacturer Level 1 – Fund/Class: J093

State Licenses Issued by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TCA18-0007456

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Medicinal and Adult-Use Distributor Temporary License – C11-18-0000243-TEMP
2. Medicinal and Adult-Use Retailer Temporary License – C10-18-0000096-TEMP

State Licenses Issued by the California Department of Public Health (CDPH)

1. Medicinal and Adult-Use Manufacturing Temporary License – CDPH-T00001730

Muskrat Distributors, Inc. (MDI)

Local Permits Issued by the City of Adelanto

1. Medical Cultivation – MMC 17-15
2. Adult-Use Cultivation – AUCC 18-53
3. Medical Distributor – MCDT 17-37
4. Adult-Use Distributor – AUCDT 18-54

State Licenses Applied for and Under Administrative Review by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TCA18-0011016

State Licenses Issued by the Bureau of Cannabis Control (BCC)

1. Medicinal and Adult-Use Distributor Temporary License – C11-18-0000291-TEMP

Adelanto Botanical Company, Inc. (ABC)

Local Permits Issued by the City of Adelanto

1. Adult-Use Cultivation – AUCC 18-52
2. Adult-Use Manufacturing – AUCM 18-51

State Licenses Issued by the California Department of Food and Agriculture (CDFA)

1. Temporary Adult-Use Cannabis Cultivation – TAL18-0011148

State Licenses Issued by the California Department of Public Health (CDPH)

1. Medicinal and Adult-Use Manufacturing Temporary License – CDPH-T1731

Attachment B
Letters of Recommendation from Prior Projects

[See Attachments]



Development Services:
Planning Division

January 3, 2019
Charles Rangel
Development Services Director
11600 Air Expressway
Adelanto, CA 92301
760.246.2300 Ext. 11176

RE: Letter of Reference

To whom it may concern,

The City of Adelanto has several past and current projects built out or under construction by entities associated with Frontier Enterprises. There are single family residential projects by Frontier Communities and industrial projects constructed by Industrial Integrity Solutions. The residential projects include communities called Stone Briar and Stone Briar II, which equal 181 detached new homes coming to the City that we are pleased to have worked with Frontier on. The industrial projects include a 30-acre project being developed with building envelopes totaling over 630,000 square feet with recently Planning Commission approved expansions leading to over 1,000,000 square feet of industrial space. The working relationship between these entities and the City has been great. We are pleased to have their investments in our community and continue to work through any challenges that arise to the benefit of everyone. I would give a strong recommendation that the ownership, leadership and management of Frontier Enterprises be a preferred developer to have operating within your jurisdiction.

Sincerely,

A handwritten signature in blue ink that reads "Charles Rangel".

Charles Rangel
Development Services Director



January 2, 2019

RE: Letter of Reference

To Whom It May Concern:

It is my pleasure to provide this letter of reference for Frontier Communities.

Frontier Communities has successfully obtained approval for, and is currently in the process of constructing a 110-unit planned development in the City of Colton's Hub City Centre Specific Plan area with another 77-unit project following. Their housing product is of the highest quality.

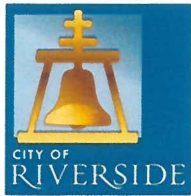
Frontier Communities has been a very good partner with the City with its development, responsibilities and relationships. They have exhibited a true "public-private partnership" with local government.

Because of the positive relationship that the City of Colton has experienced with Frontier Communities, the City welcomes continued future development by them in our community.

Should you have any questions, please feel free to reach me at (909) 370-6170 or via email at amorgan@coltonca.gov.

Sincerely,

Arthur W. Morgan
Economic Development Manager
Office of the City Manager
City of Colton



Community and Economic Development
Department

City of Arts & Innovation

January 2, 2019

SUBJECT: Frontier Communities Letter of Reference

To Whom It May Concern:

It is my pleasure to provide this letter of reference for Frontier Communities.

In 2018, Frontier Communities successfully obtained approval of a 210 unit condominium development. Frontier Communities willingness to work with City staff resulted in a notable win-win for both the community and proposed development project by providing a pedestrian connection between Villegas Park and the Staff Sergeant Salvador J. Lara Casa Blanca Library through their site.

Should you have any questions, please feel free to contact Sean Kelleher at (951) 826-5712 or by e-mail at skelleher@riversideca.gov.

Sincerely,

David Welch
Interim Deputy Director

Attachment C
Retail SOPs

[See Attachments]

Adelanto Air Expressway, Inc.
“Strains Pasadena”
Retail Dispensary Standard Operating Procedures

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Cannabis Waste Procedures

I. Purpose

Strains is committed to the safe and responsible management of cannabis waste, not only because failure to do so can result in civil and criminal penalties, but because the company endeavors to be a good corporate citizen with respect to the local and global environment. The purpose of this plan is to provide information and guidance to the company with regard to cannabis waste. Strains will continue to monitor its solid waste and recycling footprints as it grows in order to identify additional waste mitigation and recycling options.

II. Definitions

- a. “Cannabis Goods”
 - i. Cannabis, including dried flower, and products containing cannabis.
- b. “Cannabis Waste”
 - i. Waste, that is not hazardous as defined in Public Resources Code section 40141, and is organic waste, as defined in Public Resources Code Section 42649.8(c), that contains cannabis and that has been made unusable and unrecognizable in the manner prescribed in Section V.b. below. Cannabis waste is “organic waste” as defined in Public Resources Code section 42649.8(c).
- c. “Container”
 - i. Per California Code of Regulations Title 17, Division 1, Chapter 13, Article 6 Section 40290, a “secured waste receptacle” means that physical access to the receptacle is restricted to the licensee, employees of the licensee, the local agency, waste hauler contracted by local government, or private waste hauler permitted by the local government. Public access to the receptacle must be strictly prohibited.
- d. “Hazardous Waste”
 - i. As adopted by Department of Toxic Substances Control (DTSC) pursuant to Section 25117 HSC of the EPA, a waste material is hazardous if:
 - 1. It has the property of ignitability, corrosivity, is toxic or reactive, or is infectious;
 - 2. It causes, or contributes to an increase in mortality, serious irreversible or incapacitating reversible illness; or
 - 3. It poses a substantial present or potential hazard to human health or the environment.
- e. “Licensee”
 - i. An individual or business entity that is applying for a license to conduct in the business of dispensing, cultivating, manufacturing, or distributing cannabis products and in whose name the license will be issued. “The company” as used herein shall also mean Licensee.
- f. “Non-Cannabis Material”
 - i. An organic, non-hazardous material that is not classified as Municipal Solid Waste (MSW) and contains no form of cannabis or its chemical constituents.
- g. “Non-Hazardous Waste”
 - i. Waste that is not considered Hazardous Waste. Waste that does not pose immediate or potential danger to human health or the environment.
- h. “Track & Trace”
 - i. Per California Code of Regulations Title 17, Division 1, Chapter 13, Article 6 Section 40290, the company must enter all cannabis waste into the track-and-

trace system to document all cannabis waste generated by the facility. Waste should be meticulously tracked and traced from its origin to its final resting place. This form of recordkeeping is commonly referred to as “cradle to grave” documentation. Documentation should include the following: (a) ID/tracking number, (b) description of waste, (c) net weight, (d) volume, (e) date of origin, and (f) any other information required by other relevant licensing authorities.

i. “Waste Manifest”

- i. A system designed to track waste from the time it leaves the generator facility where it was produced, until it reaches the off-site waste management facility that will store, treat, or dispose of the waste. The waste manifest should contain the documentation listed above in the definition for “Track & Trace.” The waste manifest should also contain the name and signature of the designated waste coordinator signing off on the waste, as well as the name and signature of the individual collecting and transporting the waste off-site.

III. Scope and Responsibility

Any cannabis goods which are unwanted or unusable are considered cannabis waste. Waste that is generated during the retail sale of cannabis includes, but is not limited to, defective cannabis goods, expired cannabis goods, damaged cannabis goods, returned cannabis goods, and non-cannabis material packaging waste.

a. Waste Characterization

i. Hazardous Waste

In its retail operations, the company will not generate any hazardous waste.

ii. Non-Hazardous Waste

Non-hazardous waste is defined above. Although this kind of waste is not considered to be, by statute, hazardous, proper care and handling still apply. The following sections apply strictly to non-hazardous waste.

IV. Standard Operating Procedures

a. Waste Accumulation

The company will have a designated waste coordinator who oversees and manages the accumulation of non-hazardous cannabis waste on-site.

i. Containers and Labeling

Containers must be compatible with the substances they are to contain. Waste should be stored in durable, sealable, non-reactive, containers (e.g. polyethylene plastic drums). Containers should be able to be locked if necessary. Except when waste is being added or removed, the containers must be closed and locked. Access to the waste containers and waste storage areas will be limited to the designated waste coordinator, other designated employees of the Licensee, and authorized third-party haulers.

Different streams of waste should be disposed of in separate containers. For example, cannabis should not be disposed of in the same container as other non-cannabis waste materials. Separation of waste streams will allow for more accurate documentation and more efficient processing. Containers should be properly labeled with the type of waste accumulated.

ii. Storage and Handling

Once a container is full, the waste coordinator should deliver it to the main waste storage area and note the fill date. This main waste storage area should be easily accessible, yet secure. The area should be finished with durable surfaces, both water and odor resistant. The area should be properly ventilated and, where possible, secondary containment in case the primary container leaks. The area should be kept clean and free of debris and should be inspected regularly.

All containers of waste entering the main storage area should be properly logged in as part of the track-and-trace program as mandated by state law. Waste containers should be identified with the following information:

- (a) ID/tracking number;
- (b) Waste description;
- (c) Net weight;
- (d) Volume; and
- (e) Date of origin.

b. Waste Processing

After it is created, the cannabis must be processed or “rendered” into cannabis waste pursuant to California Code of Regulations Title 17, Division 1, Chapter 13, Article 6 Section 40290. All packaging must be removed and disposed of separately prior to rendering. The cannabis may then be ground down to an even consistency by mulching, shredding, chipping, etc. The homogeneous cannabis is then mixed with an equal portion of non-cannabis material. Non-cannabis mixture material may include, but is not limited to, shredded paper, yard/plant debris, processed mulch, wood chips, gravel, and other agriculture waste. The final resulting mixture must be rendered into unusable and unrecognizable cannabis waste.

c. Waste Removal

i. Rendered Material – Cannabis Waste

Waste that has been properly rendered onsite will be transported offsite for disposal by a local franchised waste hauler or a private waste hauler permitted by local government. The waste is no longer considered cannabis and is considered organic waste material under the Public Resources Code. Effective January 1, 2019, all businesses that generate four or more cubic yards of commercial solid waste per week must recycle organic waste pursuant to AB 1826. Additionally, the waste must still be tracked and traced to its final resting place pursuant to state cannabis regulations. As a result, lawful disposal facilities for this material may include, a manned fully permitted solid waste landfill facility, composting facility, in-vessel digestion facility, or transfer/processing facility.

ii. Non-Rendered Material – Cannabis

Waste that has not yet been properly rendered must be transported by a licensed cannabis transportation company for off-site rendering. Since the waste is still considered cannabis, the licensed transporter must follow all rules and regulations applicable to the transportation and handling of cannabis. The waste should be tracked and traced, and a non-hazardous Waste Manifest issued upon removal from the site.

d. Reporting and Recordkeeping

Upon removal of the waste from the premises, the Licensee must obtain documentation from the entity hauling the waste that indicates the date and time of each collection of cannabis waste. Additionally, the Licensee must obtain a copy of the certified weigh ticket, or other documentation prepared by the entity hauling the cannabis waste, confirming receipt of the cannabis waste at the permitted solid waste facility.

Pursuant to California Code of Regulations Title 17, Division 1, Chapter 13, Article 6 Section 40512, this information must be inputted into the track-and-trace system within twenty-four hours of the activity by the account manager or user designated by the Licensee. If the Licensee loses access to the track-and-trace system for any reason, then the company must prepare and maintain comprehensive records detailing all required tracking activities that occurred during the loss of access. Such information must then be entered into the track-and-trace system within three business days of restoration of access.

V. Safety Procedures

a. Training

Workers should be trained to separate cannabis goods from their packaging for proper disposal. It is the responsibility of the designated waste coordinator to ensure that all employees are aware of the facility's waste management plan.

b. Personal Protective Equipment (PPE)

Although the waste may not be considered hazardous, per Cal-OSHA regulation, it is still required that employees wear personal protective equipment (PPE) when in contact with onsite waste. Personal protective equipment includes, but is not limited to, coveralls, gloves, safety glasses, face masks, and dust masks.

c. Emergencies

In the event of any emergency – fire, spill, etc. – notification should be given to the appropriate civil agencies, if necessary, and the company's designated site safety officer.

Delivery Procedures

Strains does not currently have plans to implement delivery procedures at its Pasadena retail location.

Inventory Procedures

Cannabis Storage Areas

Cannabis goods will be stored in the area labeled “Product Storage” on the premises diagram.

Employee Access List

The following individuals have access to the cannabis goods storage area:

1. General Manager: _____
2. Manager: _____
3. Manager: _____
4. Budtender: _____
5. Budtender: _____
6. Budtender: _____

Storage Area Security Measures and Procedures

The cannabis goods are stored in a limited access area and are kept behind a solid, locked door in the area behind the sales counter in the retail sales floor. The door to the limited access area is made of steel and is secured using commercial-grade, nonresidential door locks and secured card access. Only the general manager, manager, and employees who are on duty at the time have access to the storage area where cannabis goods are stored.

The storage area where cannabis goods are stored will be cleaned and organized daily and on an ongoing basis by authorized employees. Cannabis goods are organized on shelves in that storage area and there is space for refrigerated items and non-refrigerated items. Employees sweep the floor daily and mop the floor weekly to ensure that the storage area is maintained in an orderly fashion. The temperature of the storage area is climate controlled via an HVAC system installed in the building. The humidity of the storage area cannot be controlled.

Employee Inventory Training

Each new employee undergoes initial training conducted by a manager and ongoing supplemental training from managers and senior employees.

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Inventory Receiving Procedures

Cannabis goods ordered by and delivered to Strains’ retail area are received in the vendor office area, which is not in public view and is not accessible to the public. The door to the vendor office area can only be opened by a manager or authorized employee. Each vendor delivery will take place in this vendor office area. Currently, only one vendor at a time is allowed in the vendor office area while a manager or authorized employee is receiving cannabis goods.

When a vendor arrives at Strains to deliver cannabis goods to the retail area, he or she is directed to the vendor office area. The vendor will be escorted into the vendor office area by a manager or authorized employee who will then:

1. Review the invoice and manifest presented by the vendor.
2. Review the cannabis goods brought by the vendor to ensure that the correct products and quantities of each product are present.
3. Review the cannabis goods to ensure that they are compliant with current packaging laws.

4. If the cannabis goods delivered to Strains are approved by the manager or authorized employee, Strains will pay the invoice amount to the vendor in cash.
5. After the vendor is paid and leaves the premises, the manager or authorized employee who verified and accepted the delivery will then move, either by hand or hand-truck, those newly accepted products from the vendor office area into the storage area.
6. Once inside the storage area, the manager or authorized employee will then scan the new cannabis products into Strains' POS system, which will be a Metrc-compliant POS and inventory system, and then organize the products onto their proper shelf.

Cannabis goods will be received by the manager on duty, or an authorized employee should there be no manager available to receive the cannabis goods. Those authorized individuals are as follows:

1. General Manager: _____
2. Manager: _____
3. Manager: _____

Inventory Records Procedures

When cannabis products are received, the receiving manager or employee will make a copy of the manifest brought by the vendor and, along with the applicable invoice, file those documents in Strains' records. Strains' files and records of the retail business are stored in the front office and are organized chronologically.

When Strains receives cannabis goods, those cannabis goods are moved into the storage area and the vendor's manifest and the applicable invoice are filed and kept in Strains' records. After the new cannabis goods are moved into the storage area by a manager or authorized employee, the new cannabis goods are scanned into inventory via Strains' POS system, which stores and tracks inventory in accordance with Metrc and state law. As cannabis goods are sold out of inventory to customers and patients, each transaction is recorded by Strains' POS system and reported in accordance with Metrc and state law.

Cannabis Goods Inventory Removal Procedures

When cannabis goods are sold out of inventory to customers or patients, each transaction will be recorded by Strains' POS system and reported in accordance with Metrc and state law. When cannabis goods are removed from inventory due to return, expiration, damage, or defect, each of those transactions will be recorded by Strains' POS system and reported in accordance with Metrc and state law. Returned, damaged, or defective products will be disposed of in accordance with Strains' Cannabis Waste Procedures and all applicable state laws and Strains will report all cannabis waste activities, up to and including disposal, into the Metrc track and trace system. Strains will ensure that cannabis goods intended for disposal will remain on the premises until properly destroyed on the premises and rendered into cannabis waste. Strains will also ensure that it stores all cannabis waste on the premises and in a secured receptacle that is only accessible to authorized managers and employees and authorized waste haulers.

When cannabis goods are sold out of inventory to customers or patients, the cannabis goods are packaged into a resealable, child resistant, opaque exit bag for the customer or patient. The customer or patient also receives a receipt for their purchase before they exit the building. Upon purchase, each transaction is recorded by Strains' POS system and reported in accordance with Metrc and state law. Returned, damaged, or defective cannabis goods are disposed of in accordance with Strains' Cannabis Waste Procedures and all applicable state laws and Strains will report all cannabis waste activities, up to and including disposal, into the Metrc track and trace system.

Proper Cannabis Storage Procedures

Cannabis goods on the premises are kept in the storage area, which is a secure, climate controlled room. The HVAC system in the building maintains a consistent temperature in the storage area where the cannabis goods are stored, which is important to ensuring that the cannabis goods are properly preserved and do not degrade. Additionally, cannabis goods that need to be refrigerated or frozen will be kept in the storage area inside a locked refrigerator or freezer, as necessary to prevent those products from degrading. When inventory is reconciled, managers will also check to ensure that out-of-date or expired cannabis goods are removed from inventory when necessary and properly disposed of in accordance with Metrc and state law.

Inventory Reconciliation

Inventory reconciliation takes place every Sunday by an authorized manager. The inventory reconciliation process begins with an inventory print out from Strains' POS system and each inventory item is counted against this print out. At the end of each inventory reconciliation, a reconciliation record is produced and kept in Strains' records on-site. If there is a discrepancy after inventory reconciliation, then the manager will update the inventory in Strains' POS system and will make any necessary Metrc records and transactions.

Pursuant to state law, Strains will notify the Bureau of Cannabis Control (BCC) and local law enforcement once it is made aware of: (i) a significant discrepancy between the POS inventory and the counted inventory; (ii) theft, loss, or any other criminal activity pertaining to the operation of the business; (iii) theft, loss, or any other criminal activity by an agent or employee of Strains pertaining to the operation of the business; (iv) loss or unauthorized alteration of records related to cannabis goods, customers, patients, employees, or agents; and (v) any other breach of security. "Significant discrepancy" is defined in 16 CCR § 5034 as a difference in actual inventory compared to records pertaining to inventory of at least 3% of Strains' average monthly sales.

Metrc Account Manager

Pursuant to state law, Strains will designate one company representative to be responsible for the Metrc track and trace monitoring program. This account manager will attend and successfully complete all required track and trace system training, including any orientation and continuing education. The account manager will maintain a complete, accurate, and up-to-date list of all track and trace system users, consisting of their full names and usernames. Strains will monitor all compliance notifications from the track and trace system and work with government agencies to timely resolve any issues detailed in any compliance notification.

Non-Laboratory Quality Control Procedures

Packaging and Labeling Verification Procedures

When Strains receives cannabis goods from a vendor, a manager or authorized employee will verify each invoice and all of the cannabis goods in the applicable order to ensure that all products and the correct quantities of each are present and accounted for.

Next, the manager or authorized employee will verify the following packaging and label requirements for all cannabis goods: (a) net weight (if applicable); (b) identification of the source and date of manufacture or cultivation; (c) name and license number of the applicable cannabis manufacturer or cultivator; (d) type of cannabis good; (e) the date of packaging; (f) product identity, which is a generic or common name that describes the product (i.e. dark chocolate, fruit chew, vape cartridge, lotion, tincture, etc.); (g) country of origin (if applicable); (h) unique identifier assigned by the manufacturer or cultivator; (i) all required government warnings, including, but not limited to, the California Universal Symbol; (j) all necessary “For Medical Use” labeling (which is required for all non-edible products with more than 1000mg of THC); and (k) tamper-evident, child-resistant, and resealable child-resistant exit packaging (if applicable).

For edibles, managers and authorized employees will also verify that the packaging contains: (z) the words “cannabis-infused” above the product identity and in a text size larger than the one used for product identity; (y) the amount of THC and CBD (each measured in milligrams per serving); (x) sodium, sugar, carbohydrates, and total fat (each measured in grams per serving); (w) allergen warnings (if applicable); and (v) artificial food colorings (if applicable).

The manager or authorized employee will also make sure that all information is displayed clearly and legibly, is visible on the outer layer of packaging, is in English and in at least 6 point font, and includes both THC and CBD content on the primary panel of the packaging.

For clarification, the manager or authorized employee will verify that the following warnings are included on applicable products:

1. Cannabis

- a. The California Universal Symbol = 
- b. “GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”

2. Cannabis Products

- a. The California Universal Symbol = 
- b. “GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE

PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”

3. California Proposition 65 Warning, which must include each of the following items:

- a. A symbol consisting of a black exclamation point in a yellow equilateral triangle with a bold black outline. Where the sign, label or labeling for the product is not printed using the color yellow, the symbol may be printed in black and white. The symbol shall be placed to the left of the text of the warning, in a size no smaller than the height of the word “WARNING”.
- b. The word “WARNING” in all capital letters and bold print.
- c. One of the following wordings:
 - i. For exposures to listed carcinogens, the words, “This product can expose you to chemicals such as [name of one or more chemicals], which is [are] known to the State of California to cause cancer. For more information go to www.P65Warnings.ca.gov/product.”
 1. For warnings on individual products, the following wording is acceptable:
“Cancer - www.P65Warnings.ca.gov/product.”
 - ii. For exposures to listed reproductive toxicants, the words, “This product can expose you to chemicals such as [name of one or more chemicals], which is [are] known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/product.”
 1. For warnings on individual products, the following wording is acceptable:
“Reproductive Harm - www.P65Warnings.ca.gov/product.”
 - iii. For exposures to both listed carcinogens and reproductive toxicants, the words, “This product can expose you to chemicals such as [name of one or more chemicals] which is [are] known to the State of California to cause cancer, and [name of one or more chemicals] which is [are] known to the State of California to cause birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/product.”
 1. For warnings on individual products, the following wording is acceptable:
“Cancer and Reproductive Harm - www.P65Warnings.ca.gov/product.”
 - iv. For exposures to a chemical that is listed as both a carcinogen and a reproductive toxicant, the words, “This product can expose you to chemicals such as [name of one or more chemical], which is [are] known to the State of California to cause cancer and birth defects or other reproductive harm. For more information go to www.P65Warnings.ca.gov/product.”
 1. For warnings on individual products, the following wording is acceptable:
“Cancer and Reproductive Harm - www.P65Warnings.ca.gov/product.”

After an order has been accepted by the manager or employee, the vendor has been paid, and the cannabis goods have been moved from the vendor office area to the storage area, the manager or employee will then scan the new cannabis goods into Strains’ POS system, which will include the following information: (i) name and description of the cannabis goods, (ii) the license number of the manufacturer or cultivator, (iii) the date the cannabis goods enter into the storage area, (iv) unique identifiers and batch number, (v) the weight and/or quantity of units in each batch, and (vi) the expiration or sell-by date.

Pest Control, Environmental Controls, Maintenance, and Cleaning Procedures

Cannabis goods on the premises are kept in the storage area, which is a secure, climate controlled room. The HVAC system in the building maintains a consistent temperature in the storage area where the cannabis goods are stored, which is important to ensuring that the cannabis goods are properly preserved and do not

degrade. Containers with airtight lids will also be used as necessary to prevent cannabis goods from degrading. Additionally, cannabis goods that need to be refrigerated or frozen will be kept in the storage area inside a locked refrigerator or freezer, as necessary to prevent those products from degrading. When inventory is reconciled, managers will also check to ensure that out-of-date or expired cannabis goods are removed from inventory when necessary and properly disposed of in accordance with Metrc and state law.

The storage area where cannabis goods are stored will be cleaned and organized daily and on an ongoing basis by authorized employees. Cannabis goods are organized on shelves in that storage area and there is space for refrigerated items and non-refrigerated items. Employees sweep the floor daily and mop the floor weekly to ensure that the storage area is maintained in an orderly fashion. The temperature of the storage area is climate controlled via an HVAC system installed in the building. Regular cleaning and consistent climate control of the retail sales area and the storage room prevents pests like insects and rodents from becoming a problem. If pests or evidence of pests are spotted at the location, Strains will hire a licensed pest control technician to use safe pesticides, pest traps, or both at Strains' facility. Moreover, Strains' cleaning and organization policies help keep managers aware of potential maintenance that needs to be done so that Strains can hire licensed professionals to perform various maintenance tasks around the Strains retail facility.

Return Procedures

There is a 48-hour return policy on defective inventory, including cartridges, batteries, and sealed edibles. Unsealed edibles and flower may only be returned when a patient claims to get sick from the product or the organization later finds out about a defective product batch.

The defective inventory sold to patients can be exchanged for the same item or Strains store credit can be issued. When a return is completed, the manager on duty will update the vendor's Return Inventory Form.

For exchanges, manager approval is always required before a sales representative can handle the exchange in the POS. The defective inventory item is removed from inventory using the coupon button, with a reason of "defective exchange," and the next product is entered as "0" by the sales representative.

During the process of receiving the next shipment of inventory, the manager and vendor delivery person sign the Return Inventory Form, and a copy is provided to the vendor delivery person. On the following week, the vendor delivery person returns with either exchanged inventory or a credit on the shipping invoice that week. As usual, the manager and the vendor delivery person sign the shipping invoice with the exchange or credit data.

Store credit can only be issued by the on-shift manager and it will appear as a credit on the customer's account to be utilized at any register on the same day or on their next visit. For patients or customers who choose to use store credit on another visit, the sales representatives will add a note to the patient's POS system profile. On that individual's next visit, a profile note will appear to inform the sales representative to apply the store credit to their next purchase. After the credit is applied, the sales representative will delete the individual's profile note. Nevertheless, every sales representative who sees a store credit profile note on a patient or customer's POS system account will compare it to that individual's transaction history before confirming use of the store credit.

Defective items are listed on a Return Inventory Form and separated from regular inventory in the secure storage area. The vendor is notified of the defect, for which a credit is issued to Strains.

When the credit is used, the defective products are provided to the vendor's delivery person, with a copy of the credit that both the manager and the delivery person sign. In general, credits are usually issued from

distributors who carry multiple products. Vendor exchanges of defective products are generally from single product carrying vendors.

Security Procedures

Strains endeavors to ensure that its routine operations follow secure procedures—including all required emergency procedures—in order to physically secure and limit access to the Strains facility. Strains believes, and trains its employees to recognize, that consistent and proactive operational security policies and procedures greatly reduce the likelihood that operational emergencies will arise.

As business owners, Strains recognizes its responsibility to take precautions to mitigate potential adverse incidents on the premises. Strains will work with the City of Pasadena and the State of California to ensure that all applicable statutory regulations and procedures are met and in place. Strains will maintain strict security procedures to ensure that customers, staff, and the neighboring community can feel safe when visiting Strains' retail location or shopping in the surrounding area. To this end, Strains has installed high-definition interior and exterior security cameras throughout the facility and hired security guards experienced with commercial cannabis businesses to monitor and patrol the premises 24 hours a day.

POLICIES FOR OPERATIONAL SECURITY, ACCESS, & EMERGENCY CIRCUMSTANCES

The purpose of these policies is to govern conditions of use and access to the Strains facilities both during and after normal business hours in order to maintain the integrity and security of Strains' property, to protect neighboring businesses in the community, and to protect employees who work within the Strains facility. All employees and authorized personnel are required to read and sign these security procedures. Access to the Strains facility is a privilege and all employees and personnel are required to respect Strains' policies and procedures, the neighbors, and the local community.

Operational Security Policy

Strains considers the operational security of its facility, the surrounding public, and security of its employees to be the highest priority. Strains will implement measures to protect the critical infrastructure of the facility. Strains will use physical security enhancement equipment including physical barriers, electronic systems, access control, video surveillance, security personnel, and other means to provide safety and security. Violations of laws, ordinances, or any of these policies are considered serious and cause for termination of employment.

The following list highlights the most important security protocols that Strains will enact:

- Install camera surveillance to monitor facility interiors and surrounding premises.
 - This camera system will have a high-definition, digital video recording component that will store all video for no less than ninety (90) days to ensure that law enforcement may review any incident that happens on or immediately surrounding the retail premises.
 - The camera system will be monitored by security personnel and maintained periodically by a licensed technician. Strains will be notified electronically by its security company if there is a video surveillance system failure or malfunction. Copies of all video recordings can be created on site via USB drive.
- Hire professional, experienced, armed security personnel to patrol and monitor the Strains facility 24 hours a day.
 - Armed security professionals will monitor the lobby, parking lot, and building exterior in order to prevent loitering, mischief, or any onsite consumption of cannabis.
- Use commercial grade locks, steel doors, and metal rolling doors, which will be locked, secured, and inaccessible to the public at all times, except for those doors open to the public during normal retail business hours.
- Install a 24 hour alarm system and secure card access door locks throughout the facility.

- Alarm will be monitored and maintained periodically by Tyco, an independent, third party security company.
- Alarm will have secure card access door locks, motion detection sensors, glass breaks, and door breaks to provide maximum protection of the premises. Upon a break in or unauthorized access, Strains will be notified electronically by the third-party security company and law enforcement, paramedics, or the fire department will be dispatched, if necessary.
- Install sufficient lighting to illuminate the interior of the retail suite and the exterior façade, parking lot, and immediate surrounding area.
- Subject new employees to a background check prior to beginning employment.
- Allow only customers with current government-issued identification to enter the retail area.
- Outside of operating hours, store all cannabis products in a safe and locked location within the Strains facility.
- Institute and enforce a zero-tolerance policy with customers and staff regarding all policies pertaining to safety and security.

Access Policy

It is the policy of Strains to enhance operational security through the use of access control systems and access control policies. Permissions for entry will be strictly controlled to provide only the required access necessary to carry out the functions of employment position.

Employee Badge Policy

Strains will provide all REDACTED with a laminated or plastic-coated identification badge issued by the licensee at all times while engaging in commercial cannabis activity. The identification badge shall, at a minimum, include the Strains' "doing business as" name and license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height.

When an employee changes responsibilities, his or her identification badge will be modified so as to reflect the new change in responsibility and any applicable access rights. When an employee leaves his or her employment, the employee will be required to surrender his or her employee badge to Strains for prompt destruction by a Strains manager.

Emergencies and Suspicious Circumstances Policy

Employees should report emergencies and suspicious circumstances first to law enforcement, and second to their supervisor or department management. If suspicious circumstances or an emergency exists, employees should not delay summoning law enforcement by dialing 911. Suspicious circumstances include, but are not limited to, times when the employee has cause to suspect or observes:

- A person that has, is, or is about to commit a crime or who poses a threat of danger to themselves or others.
- Unattended and unaccounted-for containers such as boxes, backpacks, or briefcases.
- Emergencies, which include circumstances when a situation poses an immediate threat to life or property.

Weapons in the Workplace Policy

To protect the safety of all employees and others, Strains prohibits employees, vendors, visitors, and anyone other than law enforcement officials or employed security professionals from carrying weapons into the

workplace, company parking lot (unless unloaded, in case, and locked) or any other property owned, leased, or controlled by Strains.

Safety Policy

Employee safety and a safe working environment are the primary concerns of Strains. It is Strains' desire to provide a safe and comfortable working environment for all its employees by complying with all federal, state, and local safety regulations. Each employee is responsible for his/her own safety, as well as that of others while at work. Employees are required to follow all safety rules, regulations, and warning signs. Employees are encouraged to work as a team to promote safe work practices and to maintain all property and equipment in a safe operating condition. Employees are required to immediately report all unsafe working conditions or potential safety hazards to their supervisor or Human Resources.

Security Personnel Policy

Strains may employ security personnel and/or law enforcement to provide increased security in, around, and outside the facility. Visitors and employees are required to follow the directives of security personnel and/or law enforcement, including submitting to searches of persons and belongings upon request.

Immediate Dismissal / Misconduct

Any employee whose conduct, actions, or performance violates or conflicts with Strains policies may, at the discretion of Strains management, be terminated immediately and without warning.

The following are some examples of grounds for immediate dismissal of an employee:

- Breach of trust or dishonesty.
- Conviction of a felony.
- Willful violation of an established policy or rule, Falsification of Company records.
- Negligence.
- Insubordination.
- Violation of the Anti-Harassment and/or Equal Employment Opportunity Policies.
- Time card violations.
- Undue and unauthorized absence from duty during regularly scheduled work hours.
- Deliberate non-performance of work.
- Larceny or unauthorized possession of, or the use of, property.

Security Violations Policy

Individuals found to be in violation of these security policies shall be subject to loss of privileges, discipline up to and including discharge, reimbursing Strains for actual damage costs, penalties, fines, and may be subject to prosecution.

Access Control Systems Policy

Only authorized Strains personnel shall access or attempt to enter the Strains Computerized Access/Security System. Unauthorized access or attempts shall be grounds for disciplinary action. The Head of Strains Security shall designate system administrators and other employee access permissions via the Computerized Access/Security System.

Drug and Alcohol Testing Policy

Strains expects all of its employees to report to work drug and alcohol free. Use of illegal drugs or abuse of alcohol while at work negatively affects the productivity and safety of the Company and its employees. In order to ensure a safe and friendly workplace, Strains prohibits employees from the following activities while at work:

- Using, possessing, transporting, distributing, or manufacturing controlled substance(s), abused prescription drug(s), or other mind-altering substance(s);
- Drinking alcohol; and
- Being impaired or intoxicated by any controlled substance(s), abused prescription drug(s), alcohol, or other mind-altering substance(s).

Smoking Policy

Strains is a smoke-free working environment. Employees may not smoke, except in authorized areas. This policy is in force 24 hours a day.

Right to Search Policy

For the protection of Strains' customers, employees, and Strains itself, all Strains property and any personal property brought onto Strains' premises is subject to search at Strains' discretion. The following items are subject to search:

- Company property, which may include, but is not limited to, desks, files, computer files, e-mails, telephone voice mails, and company vehicles.
- Personal property, which may include, but is not limited to, personal vehicles, purses, coats, clothing, or meal containers.
- All bags, backpacks, briefcases, etc. will be subject to search and will also be prohibited in the controlled, limited-access areas of the Strains facility.

Workplace Threats / Violence Policy

Strains will not tolerate violence or threats in the workplace by employees, vendors, visitors, customers, patients, or others. Violence in the workplace includes, but is not limited to, intentional acts that result in injury to any person on Strains property, damage to Strains property, and threats to harm individuals or damage property. Threats or potential violence could occur in person, during telephone conversations, or by other means of communication. Any employee who engages in violent acts will be subject to disciplinary action up to and including termination. Anyone who engages in violent acts may also be turned over to law enforcement or other authorities for appropriate action.

Gifts and Gratuities Policy

Strains is committed to ensuring all business relationships with suppliers and clients are legal and based on professional integrity. Managers should be notified when a gratuity has been received. If the gratuity has been received as a thank you for work performed, then it should be noted in the employee's personnel file to ensure that it is included in the employee's next appraisal.

Transactional Security Policy

All transactions involving the sale of cannabis goods to a patient or customer will take place on the retail sales floor. All transactions involving the sale of cannabis goods to Strains by a vendor will take place in the vendor office area. Each transaction is assigned to a registered customer, patient, or vendor, as applicable, and is recorded into the Strains POS, which will be integrated with the Metrc track and trace system for making and submitting state-mandated records.

Currency Security Policy

Strains recognizes that any business that operates predominantly in a cash environment is at risk of potential criminal activity. While Strains prefers that it have access to traditional electronic banking, it remains elusive to many in the cannabis industry. In order to mitigate the risks associated with running a cash business, all currency will be kept in large, industrial-style, heavy duty, fireproof safes that will be located in secure, limited access rooms within the Strains facility. Additionally, management will consistently

monitor and limit the amount of currency kept on site in order to minimize the risk of potential criminal activity.

Confidential Information Security Policy

All employees, including Strains management, will annually certify that they have read, accepted, and will abide by the Confidential Information Security Policy. The contents of the Confidential Information Security Policy are as follows:

For purposes of this policy, “confidential information” includes, but is not limited to:

- Strains employee and employment information and discipline records.
- Non-public, personal information concerning employees, management, and Strains customers including, but not limited to, customer identification numbers, information system user IDs and passwords, social security numbers, internal communications, banking or financial information, medical and health information, disability status or special needs, insurance information, and personal benefits information.
- Strains-related information which has not been publicly published or released, including, but not limited to, budget, financials, negotiation, bidding, or other confidential information.
- Strains research data, information, and findings that are protected by law, contract, or policy.
- Information described as confidential under any other Strains policy, rule, or directive.
- Other information and records which the employee is directed under proper authority to not disclose. Confidential information does not include information publicly disclosed by Strains or which is required to be disclosed pursuant to law or contract.
- All Strains employees must hold any confidential information in trust and confidence, and must not use or disclose it or any embodiment thereof, directly or indirectly, except as may be necessary in the performance of duties for Strains, or as otherwise required by law or contract.
- Strains employees may not remove confidential information from any Strains facility, or duplicate confidential information, unless authorized by the Strains CEO to do so. Upon termination of any assignment or as directed by a supervisor, employees shall return all such materials and copies thereof to their proper location in the department or office.
- All requests by external entities or persons for the disclosure of confidential Strains information should be promptly directed to the CEO of Strains, unless the employee has received previous authority to respond to such a request.
- The policy does not prevent or prohibit the internal use of confidential information for the legitimate administrative and operational purposes and needs of Strains. This policy does not prevent or prohibit employees from good faith disclosures of a violation of law, contract, or policy, either within Strains or to the appropriate external body or authority, and such disclosure will not result in adverse employment action against the disclosing employee.

Visitor Security Policy

All staff entry and exits are recorded, with visitor logs being stored for a period of 12 months. Authorized staff will be given access to secure areas of the facility. Enforcement of this access will be controlled through the use of secured access card controls and all movement will be monitored by video. Business associates, vendors, and other authorized visitors will be processed at the administrative desk located inside the main door. All non-staff will be required to sign a visitor log, have their state issued ID validated and recorded, and state the purpose of their visit. Guests to the facility will be required to wear a clearly marked visitor badge and must be escorted by a Strains staff member at all times. Free-roaming of the facility by non-authorized personnel is explicitly forbidden. Video capture will also be used to validate the adherence to company policy.

Storage of Cannabis Products Policy

The Strains facility will have multiple, internally facing, secure product rooms containing large, industrial-style, heavy duty, fireproof safes which are accessible only by authorized Strains personnel and are located within the limited access areas. For purposes of product storage, the Strains facility will have secured, limited access refrigerated areas along with secured, limited access, climate controlled dry goods storage areas. Cannabis will be inventoried, handled, processed, and stored in these limited access rooms. All secure rooms and storage areas will use secure card reader controlled door locks to restrict access to authorized individuals. Inside the secure rooms there will be an inventory area where all inventory will be stored during open and closed business hours. Product storage will also incorporate containers with airtight lids in order to preserve product integrity and prevent degradation. All secure rooms, whether for product storage or other business operations, will have zero visibility to the public in order to deter theft. [REDACTED] as well as multiple angle cameras allowing for full video coverage. Additionally, all access doors throughout the entire facility will have secure card reader controlled door locks, which are accessed with cards that are specific to each employee. This security system logs a record and a time stamp of anyone, and everyone, who enters a secure room or any other ingress or egress door. The security system also provides Strains with the ability to remotely, and immediately, lock the facility's rooms. Moreover, because each employee has his or her own access card, the employees of one licensee cannot migrate over to another licensee area without proper authorization.

Limited Access Area Policy

Security at the Strains facility is built around a monitored platform of controlled/authorized access based on secure card readers assigned to authorized personnel. Secure card reader door locks are incorporated both externally and internally to allow for fine-grained access controls. Each employee or contractor has their own unique profile, which allows Strains to carefully control, in an auditable manner, access to secure rooms and limited access areas.

Underage Diversion Prevention Policy

The Strains facility will have proper measures to deter minors from access to the subject property or content within. Signage at the front door and reception area will specifically and clearly state that no loitering or persons under the age of 21 are allowed on the premises. Before a person can enter into the retail sales area, the receptionist will check that individual's identification and check them into the Strains POS prior to that individual's entrance into the retail sales area. Security will check the identification of anyone on the premises who appears to be under age. In the event proper identification is not presented to either the receptionist or security, or if loitering is established, the minor individuals will be asked to leave the Strains facility immediately.

Loitering and Onsite Consumption Prevention Policy

Individuals loitering or remaining on property after business conclusion is a behavior that Strains business policy forbids. Loitering at the facility will strictly not be tolerated and will be enforced by Strains' security personnel. Security will remain constantly vigilant as to the premises and walk the perimeter and exterior of the property periodically. The presence of a physical security team and cameras on site will deter individuals from loitering or engaging in activities forbidden by the facility, state laws, and local ordinances.

The following scenarios have been considered during the preparation of this security plan:

- Armed assault during business hours;
- Insider theft during business hours;
- After business hours insider threat;
- After business hours threat to security officer;
- After hours burglary attempt through walls or ceiling; and
- Insider theft after business hours.

Year 1 - 2019

REDACTED

Year 2 - 2020

REDACTED

Year 3 - 2021

Adelanto Air Expressway, Inc.															
Projected Cash Flow for Pasadena Operations															
Retail Operations															
	Description	Comp Total	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	
Revenues			REDACTED												
Flower															
Edibles															
Concentrates															
Topicals															
Drinks															
Gear															
Cost of Goods Sold															
Vendor Invoice															
Supplies															
sub-total COGS															
Gross Revenue															
Fixed Costs	Monthly Cost	Annual Cost													
Advertising	5,990	71,880													
Cleaning	300	4,800													
Utilities	600	7,200													
Rent	10,000	120,000													
Software	550	8,800													
Legal	1,000	16,000													
Security	12,465	188,256													
Payroll	25,600	283,200													
Waste Management	3,000	48,000													
sub-total Fixed Costs															
Profit/(Loss)															

Attachment E
Proof of Funds

[See Attachments]

Industrial Integrity Solutions, LLC

Richard Munkvold, CFO
Industrial Integrity Solutions, LLC
2151 E Convention Center Way, Suite 222
Ontario, CA 91764

January 31, 2019

RE: Proof of Capitalization for Adelanto Air Expressway, Inc.

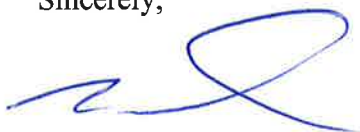
To Whom It May Concern:

Industrial Integrity Solutions, LLC ("IIS") has been providing capital to Adelanto Air Expressway, Inc. ("AAE") and its owner, James L. Previti, since 2017 for the development of commercial cannabis business projects in Southern California.

IIS is highly confident in AAE's ability to execute on the plans that they develop and will continue to provide them with capitalization. IIS has REDACTED in immediately accessible funds and assets exceeding REDACTED

Please feel free to contact me at (909) 354-8021 if you have any questions regarding this proof of capital source.

Sincerely,



Richard Munkvold

Attachment F
Potential Design Concepts



169 W. COLORADO BLVD. PASADENA, CA91103 – EXISTING CONDITIONS



169 W. COLORADO BLVD. PASADENA, CA91103 – PROPOSED STOREFRONT



3219 E. COLORADO BLVD. PASADENA, CA 91107 – EXISTING CONDITIONS



3219 E. COLORADO BLVD. PASADENA, CA 91107 – PROPOSED STOREFRONT



36 PICO ST. PASADENA, CA 91105 – EXISTING CONDITIONS



36 PICO ST. PASADENA, CA 91105 – PROPOSED STOREFRONT

REDACTED

150 COOK AVE. PASADENA, CA 91107 – EXISTING CONDITIONS



150 COOK AVE. PASADENA, CA 91107 – PROPOSED STOREFRONT



370 N. HALSTEAD PASADENA, CA 91107 – EXISTING CONDITIONS



370 N. HALSTEAD PASADENA, CA 91107 – PROPOSED STOREFRONT

REDACTED

2652 E. WALNUT ST. PASADENA, CA 91107 – EXISTING CONDITIONS



2652 E. WALNUT ST. PASADENA, CA 91107 – PROPOSED STOREFRONT

REDACTED

SAMPLE INTERIOR STRAINS RENDERING

REDACTED

REDACTED

Attachment G

AAE's Perris Dispensary Property Diagram

REDACTED