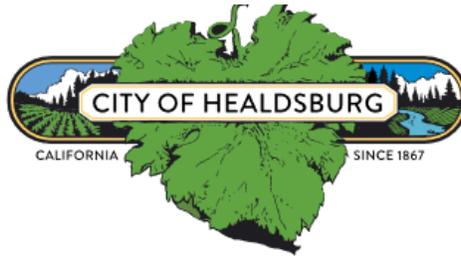




OFF THE CHARTS



Family owned



Multiple locations



Over 200+ brands



EVAULUATION CRITERIA

JULY 2023



**OFF THE
CHARIS**



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SECTION A: BUSINESS PLAN





A.1. FINANCES

Off The Charts (OTC) has developed a Financial Plan as part of the overall Business Plan, which includes a startup budget and projections that are conservatively drafted from a financial resources perspective for the proposed storefront retailer and delivery service in Healdsburg. These projections are also based on financial data we have accrued at OTC's other licensed cannabis businesses. The budget has been constructed to anticipate all capital expenditures and ensure that we have sufficient liquid assets to cover per-operational costs and 3-months of operating expenses. OTC has secured start-up capital costs and capital reserves for 3-months of operating expenses and a 20% contingency to total just under \$2.3M (the "Startup Budget"). Approximately \$910K of the Startup Budget is reserved for site renovation and construction. Another large portion of the budget goes toward staff compensation and benefits, which includes generous compensation packages during training, and benefits available upon hire. The remainder of the Budget is allocated to marketing, professional fees and pre-launch community engagement efforts that allow OTC to establish itself as a valued member of the Healdsburg community. The following provides a more nuanced explanation of various budgeted expenses of OTC's Startup Budget for our Healdsburg project.

Construction: OTC has allocated an ample portion of its Startup Budget to Interior and Exterior Renovations. Interior renovations and improvements for the facility interior allocate approximately \$270/ft² (1,678ft² total), which is close to double the average cost per square foot (\$130/sq ft) OTC has expended on other retail locations. Further, we are proud to commit \$337.5K to exterior renovations, which include façade rehabilitation for our entire building, mural installation, exterior lighting, and landscaping installations and/or improvements. We view our commitment to renovating the site as a good faith effort towards cohesion with Healdsburg's commercial design guidelines, aesthetic enhancement of the neighborhood and community immersion.

Operations: OTC's Startup Budget allocates approximately \$389K of non-compensation based operating costs to cover at least three months of operations. Non-compensation operating costs are projected to be around \$130K per month, which includes rent (\$20K/month) and a \$15K budget for utilities that cover both pre-operational and our first three months of utility fees. Startup costs for operations also include \$50K for initial community engagement expenditures built into our Miscellaneous Operating costs, which allows us to deliver on our community benefit initiatives during startup and before OTC reaches profitability.

Maintenance: While we expect to have few maintenance costs during the first months of operations, our overall facility budget allocates \$30K for maintenance related expenses in Year 1, which increases to \$88.4K in Year 2.

Employee Compensation: The Budget includes 3-months of staff compensation and extends to compensation for training. OTC provides generous Compensation and Benefit packages, which include starting wages at \$21.50/hr. Overall staff compensation during Startup amounts to nearly \$343K in compensation and benefit expenses. We are proud to provide generous wage and benefits packages to local employees from Healdsburg and surrounding areas.

Equipment Costs: Startup costs for equipment include furniture, fixtures, security equipment, and electronic devices for POS, inventory control and handheld customer scanners. Overall, we anticipate around \$117K for equipment costs, which is based on recent equipment costs of \$80K and \$120K for our facilities in Sherman Oaks and Costa Mesa. Some equipment, such as the vault and odor control system (HVAC + Filters), is included in construction budgeting.

Property Lease: OTC has secured a Lease at a rate of \$2,400/mth with triple Net, which totals to about \$3K/mth. The Lease Deposit includes licensing (\$10K total) and construction stages \$3K/mth (9 mths) until we are issued a Certificate of Occupancy. Accounting for thirteen (13) months before operations begin and the first three months of operations, our total Lease expenses amount to \$46,000.

Security Equipment and Staff: Security Equipment accounts for \$55K of our total budget, which includes cameras, monitors, motion sensors, and access cards. Security staff is approximately \$30K, which is incorporated into our wage calculations in Operating Expenses.



OFF THE CHAIRS

EMPLOYEE COMPENSATION FIGURES

| COMPENSATION – NON-SALARIED MONTHLY WAGES | | | | | |
|---|-------------|---------------------|-------------------------|------------|-----------------|
| Day of Week | Shift (6hr) | Cannabis Specialist | Verification Specialist | Dispatcher | Delivery Driver |
| Monday | A | 2 | 1 | 1 | 2 |
| | B | 3 | 2 | 2 | 3 |
| Tuesday | A | 2 | 1 | 1 | 2 |
| | B | 3 | 2 | 2 | 3 |
| Wednesday | A | 3 | 1 | 1 | 2 |
| | B | 4 | 2 | 2 | 4 |
| Thursday | A | 3 | 1 | 1 | 2 |
| | B | 4 | 2 | 2 | 4 |
| Friday | A | 4 | 1 | 1 | 2 |
| | B | 5 | 2 | 2 | 5 |
| Saturday | A | 4 | 2 | 2 | 2 |
| | B | 6 | 2 | 2 | 5 |
| Sunday | A | 3 | 1 | 1 | 3 |
| | B | 5 | 2 | 2 | 4 |
| Weekly Shift Total | | 51 | 22 | 22 | 43 |
| Monthly Shift Total | | 204 | 88 | 88 | 172 |
| Hourly Wage | | \$21.50 | \$21.50 | \$21.50 | \$21.50 |
| Labor Wage / Month | | \$26,175 | \$11,218 | \$7,478 | \$14,956 |

| COMPENSATION – MANAGEMENT STAFF | | |
|---------------------------------|------------------|--------------------|
| MGMT EMPLOYEE(S) | ANNUAL | MONTHLY PAYROLL |
| CEO* | \$11,000 | \$916.67 |
| COO* | \$9,500 | \$791.17 |
| CCO* | \$6,500 | \$541.67 |
| CRO | \$42,000 | \$3,500 |
| Human Resources Coordinator | \$65,000 | \$5,417 |
| General Manager | \$60,000 | \$5,000 |
| Team Lead | \$50,000 | \$4,167 |
| Inventory Tech / Manager | \$126,000 | \$10,500 |
| TOTAL MGMT SALARY | \$370,000 | \$30,833.51 |

| TOTAL COMPENSATION – WAGES + BENEFITS | |
|---------------------------------------|--------------------|
| ITEM | COST |
| Management Salary | \$370,000 |
| Total Hourly Wages | \$717,920 |
| Social Security Taxes | \$67,429 |
| Medicare Tax | \$15,770 |
| Health Insurance | \$77,030 |
| Time off Allowance | \$13,233 |
| Other Misc. Fringes | \$108,757 |
| Total Compensation Expenses | \$1,370,139 |

*Executive Salaries Pro-rated across ten (10) operational locations

City and State Fees: The Start Up budget allocates \$106,937 to various licensing and permit fees, which include City and State licensing fees and local building permit fees. We have consulted the fees posted on the Healdsburg Planning and Building Department’s website and have spoken with local contractors to get informed bids and quotes from local tradesmen.

Utility Costs: Utility costs allocate \$15K to Utilities, which includes \$1,000/mth to account for construction and our first three months of operations.

Product Purchases: Our Startup Budget also includes \$240K for our initial inventory purchase. Existing vendor relationships will allow OTC to get much of our initial inventory on terms, which allows us to allocate more funds to facility renovations and community benefits efforts.

Miscellaneous Costs: Additional Startup costs include a \$50K budget for marketing and advertising that allows us to host promotional events in addition to traditional advertising methods, such as Weedmaps and Leafly. We have also set aside \$60K in consulting fees to account for our staff recruitment program, which allows us to attract a diverse pool of local employees. Recruitment includes training and educational seminars that provide prospective employees with valuable insight into OTC’s operations and educates them on the science of cannabis wellness and the importance of community integration. We have included \$45K in professional expenses for architects, designers, and marketing consultants to help express our brand identity in a way that complements the unique culture of Healdsburg.

OTC is confident our Startup Budget accurately reflects the expected costs to develop the Healdsburg facility. We have constructed a generous budget for facility upgrades and community benefit initiatives that will enable us to have an immediate impact on the surrounding neighborhood in Healdsburg and the greater Sonoma County. The following section provides an overview of OTC’s capitalization and our ability to properly fund the construction and startup phases of our proposed Healdsburg storefront retailer and delivery service.



OFF THE CHARTS

OFF THE CHARTS

HEALDSBURG START UP BUDGET

| | Total Cost | Itemization | Classification | | |
|---|--------------------|-------------|--------------------|-----------------------|-----------------|
| | | | Tenant Improvement | Start Up Costs & Fees | Working Capital |
| PREMISES (LEASE) | \$46,000 | | | | |
| LEASE DEPOSIT + HOLDING COSTS | | \$37,000 | | \$37,000 | |
| 3-MONTH'S LEASE | | \$9,000 | | | \$9,000 |
| BUILDING IMPROVEMENTS | \$455,000 | | | | |
| MECHANICAL/ELECTRICAL | | \$65,000 | \$65,000 | | |
| HVAC – ODOR CONTROL | | \$50,000 | \$50,000 | | |
| VAULT ROOM & PRODUCT STORAGE | | \$60,000 | \$60,000 | | |
| FLOORING | | \$20,000 | \$20,000 | | |
| DOORS/WINDOWS | | \$25,000 | \$25,000 | | |
| FIXTURES/MILLWORK | | \$115,000 | \$115,000 | | |
| LIGHTING | | \$20,000 | \$20,000 | | |
| PLUMBING / ADA RESTROOM | | \$35,000 | \$35,000 | | |
| DRYWALL / FINISHING WORK | | \$65,000 | \$65,000 | | |
| EQUIPMENT (INTERIOR) | \$117,474 | | | | |
| ART & DECOR | | \$25,000 | | \$25,000 | |
| POINT OF SALE | | \$8,000 | | \$8,000 | |
| PHONES | | \$974 | | \$974 | |
| HARDWARE / COMPUTERS | | \$6,000 | | \$6,000 | |
| SECURITY HARDWARE | | \$55,000 | | \$55,000 | |
| INTERIOR FURNITURE (MISC) | | \$22,500 | | \$22,500 | |
| IMPROVEMENTS (EXTERIOR) | \$337,500 | | | | |
| SIGNAGE | | \$17,500 | | \$17,500 | |
| RE-SIDING + PAINT | | \$250,000 | \$250,000 | | |
| BOLLARDS / ADA | | \$15,000 | \$15,000 | | |
| MURAL | | \$10,000 | \$10,000 | | |
| LANDSCAPING | | \$45,000 | \$45,000 | | |
| LEGAL & PROFESSIONAL | \$105,000 | | | | |
| ARCHITECT / INTERIOR DESIGNER | | \$35,000 | | \$35,000 | |
| CONSULTING | | \$60,000 | | \$60,000 | |
| ACCOUNTANT | | \$3,000 | | \$3,000 | |
| BRANDING / DESIGN | | \$7,000 | | \$7,000 | |
| FEES & LICENSING | \$106,937 | | | | |
| CITY SUBMISSION FEE | | \$9,648 | | \$9,648 | |
| BACKGROUND FEES + LIVE SCAN | | \$1,676 | | \$1,676 | |
| ZONING VERIFICATION | | \$113 | | \$113 | |
| BUILDING PERMITS | | \$25,000 | | \$25,000 | |
| STATE LICENSE | | \$36,000 | | \$36,000 | |
| OTHER LICENSES (MISC.) | | \$12,000 | | \$12,000 | |
| BANKING | | \$20,000 | | \$20,000 | |
| PRINTING | | \$2,500 | | \$2,500 | |
| OPERATING EXPENSES (3 MTHS) | \$722,533 | | | | |
| PAYROLL | | | | | |
| Management Salary | | \$92,500 | | | \$92,500 |
| Hourly Wages | | \$179,480 | | | \$179,480 |
| Taxes, Insurance & Benefits | | \$70,553 | | | \$70,553 |
| INVENTORY | | \$240,000 | | | \$240,000 |
| MARKETING | | \$50,000 | | | \$50,000 |
| UTILITIES | | \$15,000 | | | \$15,000 |
| MISC. OPERATING COSTS | | \$75,000 | | | \$75,000 |
| TOTAL COST(S) | \$1,890,444 | | \$775,000 | \$383,911 | \$731,533 |
| BUDGET (TOTAL COSTS + 20% CONTINGENCY) | \$2,268,533 | | | | |



A.1.A. PROOF OF CAPITALIZATION

The startup funding analysis provided suggests OTC needs for its Retail facility is \$1,890,444. This startup summary includes a financing summary for both capital expenditures and required operating capital for the first three (3) months of operations. OTC is procuring this capital through Retail Partner and Owner Norman Yousif as well as Owner Sean Maddocks. Norman Yousif and Sean Maddocks currently show a combined \$2,415,381.12 in liquid assets. Norman and OTC have attached Bank Statements from Wells Fargo, Bank of the West, California Coast, First Republic, SDCCU, and First Option Bank which summarize current liquid assets of Owner Norman Yousif’s current liquid assets (\$2,108,826.71). Sean Maddocks has attached a Wells Fargo Bank Statement from Green Consulting Partners, of which he is the sole beneficial owner, and a Personal Statement from Bank of America which summarize Sean Maddocks’ current liquid assets (\$306,554.41).

The attached Proof of Capitalization (See **File #4**) provides verifying documentation of OTC’s ability to cover the required \$1,890,444 to cover startup costs. The Proof of Capitalization amounts to \$2,415,381.12, which provides sufficient capitalization for OTC’s proposed Healdsburg facility (\$1,890,444), with more than a 27% contingency for OTC’s overall Healdsburg Startup Budget. The funds are organized as follows:

| CAPITALIZATION SUMMARY | |
|--|-----------------------|
| NORMAN YOUSIF – FIRST REPUBLIC BANK | \$18,498.45 |
| NORMAN YOUSIF - SAN DIEGO COUNTY CREDIT UNION | \$578,202.89 |
| NORMAN YOUSIF - WELLS FARGO PORTFOLIO | \$289,320.14 |
| NORMAN YOUSIF – CALIFORNIA COAST | \$244,355.70 |
| OTC HOLDINGS – FIRST OPTION BANK | \$978,449.53 |
| GREEN CONSULTING PARTNERS – WELLS FARGO BUSINESS CHECKING | \$228,472.77 |
| SEAN MADDOCKS – BANK OF AMERICA | \$78,081.64 |
| TOTAL STARTUP FUNDING | \$2,415,381.12 |

The \$2,415,381.12 in liquid assets held between Norman Yousif and Sean Maddocks evidences OTC’s ability to fund the startup stages of its proposed Healdsburg facility independent of any need for further outside financing. OTC’s ability to self-finance provides flexibility with respect to sourcing any additional or supplemental funds required post-license issuance. OTC has the ability to source additional investment from a number of committed parties as a de facto insurance plan in the event startup costs increase due to unforeseen circumstances. OTC’s additional investor interest includes standing offers for lines of credit based on debt-to-equity financing or equity-based investments should OTC need additional capital.

A.1.B. PRO FORMA

The projections outlined below provide a valid pro forma financial statement for 3 years of operation, which includes operation, maintenance, compensation of employees, utility costs and other operation costs that are based on the operating experience of OTC’s eleven

| OTC REVENUE PROJECTIONS | | | |
|--------------------------------|-----------------|------------------|---------------------|
| | DAILY | MONTHLY | YEARLY |
| Transactions | 459 | 13,770 | 165,240 |
| Price/Transaction | \$100 | \$100 | \$100 |
| Gross Revenue | \$45,900 | \$1,377,000 | \$16,524,000 |
| Revenue-COGS | \$28,234 | \$847,007 | \$10,164,086 |

(11) other operational stores. The following Pro-forma consists of conservative revenue projections that have been derived from local demographics and operational experience at other licensed facilities. We have used averaged sales data from our Vista location as we feel the retail storefront-to-population ratio provides comparable averages for the number of licenses Healdsburg is granting per capita and the overall population of the surrounding Sonoma County communities. We have based projections on fewer daily transactions than Vista (1,000) because although Healdsburg has a population that is significantly smaller than Vista, the surrounding populations and tourist traffic of Sonoma County’s neighboring cities provide for an increased customer reach. Our projected average transaction price for the Healdsburg location is about \$20 more than the average transaction price we are currently evidencing at our other



locations, which is based on a ~19% increase in Median Household income in Healdsburg as compared to Vista and a ~23% increase compared to the averages across our other locations as well as the fact that we see higher per transaction sales at new locations.

OTC’s projections and assumptions consider the retailer location and overall population demographics within Healdsburg, which include roughly 51.2% of individuals aged 18-65 and a median household income of \$94,375. Our conservative average ticket price accounts for OTC’s promise of providing affordable product options to its consumer base while still offering the most sought-after brands and products in the industry. Increases in price per transaction and transactions per day account for increased revenue projections in Years 2 and 3 (7%).

Current sales trends at our Vista retail storefront are showing average transaction prices of close to \$77/transaction with over 1,000 average daily sales transactions. We are confident that our Healdsburg projections are relatively conservative and that our revenue potential could exceed our projections and approach our Vista location’s numbers, which generates \$28M+ in annual revenue. We are hopeful that we attain these higher revenue numbers as they would significantly increase funding for our community benefits initiatives, which are partly based on a percentage of gross revenue. However, our business experience has taught us the importance of modeling a business on conservative estimates to ensure the business can be profitable and sustain itself if the market begins to decline or becomes saturated.

Retailer Revenue Summary and Pro Forma:

The following charts provide an overview of OTC’s expected monthly and annual Gross Margin for its retailer revenue sources. While these revenues may vary over time depending on market forces, we are confident the below projections reflect a conservative estimate of the company’s overall Gross Margin. As used below, the gross margin is the overall revenue decreased by the Costs of Goods Sold (COGs). Additional assumptions in our pro forma include, 5% annual wage increases, 1.0% of Gross Revenue allocated to community benefits initiatives and 4% dedicated to the city through its local Tax, and variation in the cost of goods sold that approximately correlates to 3% increase reflective of modeled inflation. Our rent is based on our \$2,400/mth rate in Healdsburg and triple net fees, which totals to around \$3,000/mth. Our current model provides for 100% internal funding based on the financial contributions of Owner Norman Yousif.

| ESTIMATED RETAIL SALES PERCENTAGE | | | |
|-----------------------------------|---------|--------------------|---------------------|
| PRODUCT TYPE | SALES % | SALES/MTH | SALES/YR |
| EDIBLES | 26.8% | \$369,036 | \$4,428,432 |
| FLOWER | 22.4% | \$308,448 | \$3,701,376 |
| PRE-ROLLS | 19.5% | \$268,515 | \$3,222,180 |
| CARTRIDGE | 14.8% | \$203,796 | \$2,445,552 |
| BEVERAGE | 5.5% | \$75,735 | \$908,820 |
| EXTRACT | 4.6% | \$63,342 | \$760,104 |
| TOPICAL/TINCTURE | 3.2% | \$44,064 | \$528,768 |
| MERCHANDISE | 2.1% | \$28,917 | \$347,004 |
| CAPSULE | 1.1% | \$15,147 | \$181,764 |
| TOTALS | | \$1,377,000 | \$16,524,000 |

The following pages provide a detailed overview of OTC’s 3-year financial projections. This includes a three-year profit and loss statement as well as a balance sheet and cash flow statement. These financial summaries, coupled with the above revenue projections and the startup fund analysis provided above in **Section A.1**, combine to show the overall financial feasibility of OTC’s retail operations and overall business model.



OFF THE CHARTS PROFIT & LOSS STATEMENT

| | YEAR 1 | YEAR 2 | YEAR 3 |
|-----------------------------------|-----------------------|------------------------|------------------------|
| TOTAL REVENUE | \$16,524,000 | \$17,680,680.00 | \$18,918,327.60 |
| COGS | \$6,359,914 | \$6,805,107.98 | \$7,281,465.54 |
| GROSS PROFIT | \$10,164,086 | \$10,875,572.02 | \$11,636,862.06 |
| OPERATING EXPENSES | | | |
| Payroll (Hourly Wages) | \$717,920 | \$753,816.00 | \$791,506.80 |
| Payroll (Management Salary) | \$370,000 | \$388,500.00 | \$407,925.00 |
| Social Security Taxes | \$67,429 | \$70,800.45 | \$74,340.47 |
| Medicare Tax | \$15,770 | \$16,558.50 | \$17,386.43 |
| Health Insurance | \$77,030 | \$80,881.50 | \$84,925.58 |
| Time Off Allowance | \$13,233 | \$13,894.65 | \$14,589.38 |
| Misc. Benefits | \$108,757 | \$114,194.85 | \$119,904.59 |
| Rent | \$36,000 | \$37,080.00 | 38934 |
| Office/Clerical/Postage | \$3,600 | \$3,800 | \$4,000 |
| Product Disposal | \$9,600 | \$10,500 | \$11,000 |
| Bank Fees + Cash Transport | \$31,100 | \$0.00 | \$0.00 |
| Legal/Compliance/Accounting | \$20,000 | \$25,000 | \$26,000 |
| Security | \$219,000 | \$227,760.00 | \$236,870.40 |
| Utilities: Electricity | \$8,420 | \$8,588.40 | \$8,760.17 |
| Utilities: Sewer + Waste + Water | \$3,580 | \$5,370 | \$5,746 |
| HVAC Filters | \$4,400 | \$4,400 | \$4,000 |
| Phone + Internet Service | \$5,500 | \$5,500 | \$5,500 |
| Computer/POS Software | \$7,200 | \$7,200 | \$7,200 |
| Facility Maintenance | \$30,000 | \$88,403 | \$94,592 |
| General Liability Insurance | \$16,800 | \$18,000 | \$18,000 |
| Car Maintenance + Insurance + Gas | \$24,000 | \$25,600 | \$26,112.00 |
| QuickBooks Accounting Software | \$3,600 | \$3,900 | \$4,200 |
| Website & Hosting | \$12,000 | \$15,000 | \$15,000 |
| Community Benefits | \$165,240 | \$176,806.80 | \$189,183.28 |
| TOTAL OPERATING EXPENSES | \$1,970,179 | \$2,101,554.55 | \$2,205,675.63 |
| OPERATING INCOME | \$8,193,907 | \$8,774,017 | \$9,431,186 |
| TAXES & FEES | | | |
| City Licensing Tax (4%) | \$660,960.00 | \$707,227.20 | \$756,733.10 |
| State License Fees | \$96,000 | \$96,000 | \$96,000 |
| Federal Tax | \$2,134,458.06 | \$2,283,870.12 | \$2,443,741.03 |
| TOTAL TAXES AND FEES | \$2,891,418.06 | \$3,087,097.32 | \$3,296,474.14 |
| TOTAL EXPENSES | \$4,861,597.06 | \$5,188,651.87 | \$5,502,149.77 |
| NET PROFIT | \$5,302,489 | \$5,686,920 | \$6,134,712 |



OFF THE CHARTS

OFF THE CHARTS – BALANCE SHEET YEARS 1-3

| Balance Sheet | YEAR 1 | YEAR 2 | YEAR 3 |
|---------------------------------------|--------------------|---------------------|---------------------|
| Current Assets | | | |
| Cash & Equivalents | \$4,373,039 | \$4,629,690 | \$4,919,219 |
| Receivables | \$1,817,640 | \$1,944,875 | \$2,081,016 |
| Inventory | \$1,780,776 | \$1,905,430 | \$2,038,810 |
| Total Current Assets | \$7,971,455 | \$8,479,995 | \$9,039,046 |
| Property & Equipment, Net | \$1,547,911 | \$1,636,314 | \$1,730,906 |
| Intangibles & Other, Net | -- | -- | -- |
| Total Assets | \$9,519,366 | \$10,116,310 | \$10,769,952 |
| Current Liabilities | | | |
| Accounts Payable | \$729,951 | \$778,626 | \$817,203 |
| Accruals | -- | -- | -- |
| Total Current Liabilities | \$729,951 | \$778,626 | \$817,203 |
| Long-Term Debt | | | |
| Total Liabilities | \$729,951 | \$778,626 | \$817,203 |
| Investors' Equity | | | |
| Common Shares | \$1,890,444 | \$1,890,444 | \$1,890,444 |
| Retained Earnings | \$5,302,489 | \$5,686,920 | \$6,134,712 |
| Total Shareholders' Equity | \$7,192,933 | \$7,577,364 | \$8,025,156 |
| TOTAL LIABILITIES & EQUITY | \$8,789,415 | \$9,337,684 | \$9,952,749 |

OFF THE CHARTS – CASH FLOW YEARS 1-3

| Cash Flow Assumptions | YEAR 1 | YEAR 2 | YEAR 3 |
|--|----------------------|----------------------|----------------------|
| Maintenance Capex (%Sales) | | 0.50% | 0.50% |
| Cash Flow Statement | | | |
| Net Income | \$5,302,489 | \$5,686,920 | \$6,134,712 |
| Depreciation & Impairment | -- | -- | -- |
| Amortization | -- | -- | -- |
| Changes in Working Capital | (\$1,271,983) | (\$1,361,022) | (\$1,456,293) |
| Cash Provided by Operating Activities | \$4,030,506 | \$4,325,899 | \$4,678,419 |
| Capex for Dispensary | (\$1,547,911) | -- | -- |
| Capex for Maintenance | -- | (\$88,403) | (\$94,592) |
| Acquisitions | -- | -- | -- |
| Cash Used in Investing Activities | (\$1,547,911) | (\$88,403) | (\$94,592) |
| Increase (Decrease) Long-Term Debt | | | |
| Sale (Repurchase) of Common Shares | \$1,890,444 | -- | -- |
| Discretionary Cash Distributions | -- | (\$3,980,844) | (\$4,294,299) |
| Cash Provided/Used by Financing Activities | \$1,890,444 | (\$3,980,844) | (\$4,294,299) |
| Increase/Decrease in Cash & Equivalents | \$4,373,039 | \$256,651 | \$289,529 |
| Beginning Balance Cash & Equivalents | \$0 | \$4,373,039 | \$4,629,690 |
| ENDING BALANCE CASH/ EQUIVALENTS | \$4,373,039 | \$4,629,690 | \$4,919,219 |



A.1.C. SCHEDULE FOR BEGINNING OPERATIONS

OTC is familiar with large-scale commercial construction as evidenced by the successful launches of all OTC stores throughout the last 5 years. OTC has partnered with some of the leading contractors and designers in the industry to assist with its launches. With the understanding Healdsburg is looking for best-in-class operators, OTC is utilizing its extensive experience in obtaining entitlement and permits to provide a realistic and conservative timeline for this process and will also work with a local contractor to ensure timely completion of all steps necessary to become operational. The following table provides a detailed timeline for becoming operational:

7/30/23 **Commercial Cannabis Business Permit Application Submission:** OTC submits Commercial Cannabis Business Permit application to Healdsburg’s City Manager’s Office and pays applicable fees.

9/15/23 **Phase I Eligibility Clearance:** OTC receives clearance from the City Manager’s Office that Commercial Cannabis Business Permit application is complete and is under Phase II review.

10/21/23 **Phase II Criteria Evaluation and Scoring Results:** The City Manager or his/her designee to review OTC’s application using the city’s merit-based system. Receipt of one the highest scores results in OTC’s application to advance to Phase III.

11/15/23 – 11/30/23 **Phase III Interview and Further Evaluation:** OTC to meet Staff Selection Committee as part of the City’s merit-based scoring efforts. Our impeccable track record and management team results in a high enough ranking aggregate score to merit consideration for recommendation to the City Manager.

12/09/23 **Phase IV City Council Interview and Final Decision:** City Manager presents OTC as one of the top-ranking Applicants and City Council interviews OTC to make final decision. OTC is awarded a CCB permit and enters into a Community Benefits Agreement with the City.

12/29/23 **Land Use & Building Permit Process to Begin:** OTC makes appointment with Building and Planning Department to submit full set of Tenant Improvement plans and other required documents to begin permitting/entitlement process.

1/21/24 **Building Permit Approval:** OTC to receive approval through a public hearing process of land use application and coordinate contractor and subs to begin site work, which includes: Mechanical (HVAC + Odor Control); Electrical (Lighting); Plumbing (Restrooms + ADA Upgrade); Landscaping; and general interior and exterior architectural upgrades.

2/8/24 – 3/31/24 **Construction Timeline: Interior Improvement Work:** Contractor begins 45 to 60-day process of construction for tenant improvements – minor tenant improvements required such as casework, milling, display, and decorative features, such as live plants.

2/8/24 – 3/31/24 **Construction Timeline: Exterior Improvement Work:** Contractor to begin landscaping, exterior painting to reflect OTC branding as displayed in renderings, parking lot paving and re-stripping, ADA accessibility upgrades as well as other exterior and customer access improvements to the site.

3/31/24 – 4/30/24 **Employee Recruitment:** Conduct ongoing employee recruitment and interviews of employees during build-out so training can begin upon completion of facility improvements.

3/31/24 – 4/30/24 **HVAC/Odor Control Install:** Air balance report and odor control system installed by registered professional; install in accordance with Healdsburg’s Planning & Building Department approved MEPs.



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3/31/24 **Submit State License Application:** Submit applications to DCC for Type 10 Licenses.

4/27/24 **Mechanical, Plumbing, Electrical Inspection:** Engage City inspectors to sign off on any electrical, mechanical or plumbing alterations.

4/28/24 – 5/15/24 **Security System Installation:** [REDACTED]

5/21/24 – 6/15/24 **Retail Floor Preparation:** Install millwork, product shelving, POS systems, stage educational materials, prepare interior lighting.

5/21/24 – 6/07/24 **Overall Facility Preparation:** Set up fixtures and equipment in Lobby, install vault and cash storage equipment, install lockers, procure and install equipment, and test ADA-compliant restrooms.

5/21/24 – 6/07/24 **Employee Onboarding and Training:** Onboarding training modules with all employees, distribute Employee Handbook. Trainings include emergency preparedness, security procedures, real-time customer simulations, inventory management, opening and closing procedures, delivery protocols and stocking procedures.

6/07/24 – 6/15/24 **Delivery Vehicle Procurement & Insurance:** Delivery vehicles transported to the Site for final inspections, outfitting and preparation for delivery operations. All vehicles reported to insurance carrier and registered prior to beginning of operations.

6/29/24 – 7/13/24 **Certificate of Occupancy Inspection:** Coordinate inspectors for final site inspection and approval of improvements; code compliance checks.

6/29/24 – 7/13/24 **Receive State Licensure:** OTC receives Type 10 License from Department of Cannabis Control. Outreach to vendors to schedule inventory delivery pending final City approval.

6/29/24 – 7/13/24 **Final Approval Received from Healdsburg:** Final approval granted from Healdsburg to begin licensed-compliant commercial cannabis operations.

7/15/24 **First Deliveries of Cannabis Goods:** Receive orders of cannabis goods, fill storage rooms with inventory, stage samples on Retail Floor. Continue training on inventory and stocking in preparation for opening.

7/21/24 **Open House- City Staff and Neighbors (Soft Opening):** OTC to hold Open House and Soft Opening for City staff and neighbors to discuss start of operations and address any lingering operational concerns from City staff or neighbors.

7/30/24 **Commence Operations:** Begin retail sales and delivery of cannabis goods to customers as a fully licensed and compliant Retail Cannabis Business in Healdsburg.

A.I.D. FINANCIAL INSTITUTION LETTER

OTC partners with DAMA Financial, a financial service business that caters to the cannabis industry, which is founded by banking and payment industry veterans to provide solutions and services for cash-intensive businesses. We have been working with DAMA for 2+ years for all our cannabis banking needs. The following letter from DAMA Financial illustrates our relationship to this company, ensuring that OTC currently has access to banking services through DAMA and will use DAMA for our cannabis banking needs in Healdsburg.



BANKING LETTER OF INTENT

To Whom It May Concern:

Dama Financial is excited to offer fully transparent banking services to legal cannabis entities by acting as an agent on behalf of partner FDIC insured banks and/or NCUA insured credit unions.

OTC Healdsburg LLC contacted Dama Financial inquiring about our services in response to the California cannabis licensing process.

We have worked with Owner Norman Yousif and provided him banking services for the following entities: Circle Muskrat LLC; Area 29 LLC; Ash's First LLC; SCZZ Collective, NYRN Management, OTC Van Nuys, Van Nuys Management, & Bryant & Gilbert LLC.

Based on our existing banking relationship with Mr. Yousif's various other retail cannabis businesses, we are confident in our ability to offer compliant banking services for his proposed Healdsburg location.

OTC Healdsburg LLC must submit an application, provide required documents, and successfully pass Dama Financial's enhanced due diligence process before an account will be established with one of our partner FDIC/NCUA insured financial institutions.

By providing the City of Healdsburg this Letter of Intent, OTC Healdsburg LLC authorizes Dama Financial to answer inquiries initiated by the City of Healdsburg regarding the banking status (no application, application submitted, account established, account denied) of OTC Healdsburg LLC.

City of Healdsburg Representative, please submit your inquiries to the Dama Financial Compliance Department at compliance@damafinancial.com.

Respectfully-

The Dama Financial Team
P.O. Box 5730
South San Francisco, CA 94080
877.401.3262
www.damafinancial.com

A.2. DAILY OPERATIONS

Our proposed cannabis retailer involves verifying and checking in customers, processing transactions, providing consumer education, managing inventory, recordkeeping, and various other day-to-day tasks that comprise the consumer-facing portion of our business. Day-to-day operations for retail are led by the General Manager, Inventory Manager and Team Lead, who manage a team of Cannabis Specialists, Verification Specialists, Delivery Drivers,



Dispatchers and Security Personnel to ensure that all retail operations are conducted within the scope of compliance with Healdsburg Municipal Code (HMC) and Medicinal and Adult Use Cannabis Regulation and Safety Act. We have continued to optimize our daily operations and the associated standard operating procedures (SOPs) throughout the operation of eleven (11) licensed cannabis business throughout the last six (6) years, which has resulted in a perfect track record of compliance and significant revenue accrual across all facilities.

Daily Operations – Retail: Typical day-to-day retail operations include, but are not limited to: (1) Clients entering the Lobby where they are checked in by a Verification Specialist in Secure Check-In and are then granted access to the Retail Floor if current occupancy permits; (2) Clients discussing our product line of over 200 brands with our Cannabis Specialist and receiving educational information about different products; (3) Clients making informed product selections, remitting payment, receiving their order and exiting the facility; (4) Cannabis Specialist and Inventory Technician working to ensure adequate supply levels in the Retail Floor; (5) Inventory Manager and Inventory Technicians working together to track, monitor and transfer inventory; (6) Rendering, destroying and disposing of cannabis waste; (7) Training employees on compliant and secure operating procedures; (8) Prohibiting the onsite consumption of cannabis, alcoholic beverages and tobacco by all individuals; (9) Upholding the restriction of and not causing or permitting the sale, dispensing, or consumption of alcoholic beverages or tobacco products on or about the premises of a commercial cannabis business; (10) Prohibiting the visibility of cannabis and cannabis products from the exterior of the property; (11) Ensuring that all cannabis products sold at its licensed retail storefront facility have been cultivated, manufactured, tested, distributed and transported by licensed facilities that maintain operations in full conformance with state and local regulations; (12) Prohibiting loitering by persons outside and/or on the premises; (13) Adhering to all applicable local, state and federal laws and regulations pertaining to persons with disabilities; (14) Maintaining signage and notices; (15) Conducting regular observations of the facility exterior to ensure cannabis odors are not drifting offsite; and (16) Working with Security Personnel to maintain adequate functions of the security systems, reporting any security nonconformances and establishing perimeter security.

Daily Operations – Delivery: OTC’s delivery operations involve a heavy component of transportation and logistics management to ensure that our Delivery Drivers are safe and that employees are receiving their orders in a timely fashion. The Dispatcher manages route planning, scheduling, Delivery Driver tracking and various other administrative functions of the delivery service. The Dispatcher delegates deliveries to our team of Delivery Drivers, who then pack orders, load their vehicles, execute their delivery routes and return to the facility for post-route protocols. Typical day-to-day operations for delivery include, but are not limited to: (1) Preparing customer orders; (2) Loading and unloading cannabis goods and currency in and out of Delivery Vehicles; (3) Dispatching delivery routes; (4) Monitoring Delivery Driver progress through GPS; (5) Conducting transactions with customers and qualified addresses; (6) Identification verification; (7) Inspecting and maintaining delivery vehicles; (8) Prohibiting the visibility of cannabis products from any of the vehicle(s) owned or used as part of its operation; (9) Cash handling, storage and counting; (10) Adhering to transportation safety procedures; (11) Adhering to state-imposed delivery restrictions on cash and product; (12) Coordinating with Dispatch to resolve any delivery issues; and (13) Using OnFleet to optimize delivery routes and protocols.

Compliance Overview – Healdsburg Municipal Code (HMC): OTC has a demonstrated record of compliant operations in the cannabis industry and ancillary highly regulated industries. Our perfect track record of compliance is exemplified by 15+ years of operating multiple businesses in California’s heavily regulated cannabis industry. This includes the entire process from submitting competitive applications for cannabis permits in local jurisdictions to post licensing compliance and operations. Our owners and managers are experts in compliance with MAUCRSA and are well versed in all additional regulations promulgated by the DCC as well as the additional regulations and guidelines promulgated by ancillary organizations and regulatory bodies at the local, state and federal level. Our compliance record in commercial cannabis extends to eleven (11) licensed operations with 6 years of operating without a single compliance violation. Our owners and managers have a complete understanding of the entire supply chain and how each of these regulatory bodies factor into compliant operations for a cannabis retail storefront and delivery company. The following includes an outline of the various local laws and state regulations that are incorporated into our SOP’s to ensure sustained compliance, including various provisions of the HMC:



HMC § 20.20.095 (B)(7)(a): The building in which OTC is located complies with all applicable local, state and federal rules, regulations, and laws including, but not limited to, building codes and accessibility requirements.

HMC § 20.20.095 (B)(7)(b): OTC provides security on the premises pursuant to HMC § 20.20.095 (A)(11) and any additional requirements in HMC § 20.20.095, including lighting and alarms, to ensure everyone's safety and to protect the premises from theft. See **SECTION C: SECURITY PLAN** for further detail.

HMC § 20.20.095 (B)(7)(c): Our site plan, circulation, parking, lighting, facility exterior, and signage meets all underlying zoning requirements, director review, and approval.

HMC § 20.20.095 (B)(7)(d): OTC never displays exterior signage or symbols advertising the availability of cannabis using drug-related symbols which are attractive to minors or encouraging anyone under 21 years of age to consume cannabis or cannabis products. OTC also never displays such signage or symbols on the interior of the facility in such a way as to be visible from the exterior.

HMC § 20.20.095 (B)(7)(e): No one is allowed to enter OTC's facility unless they are an employee, customer, vendor or contractor of OTC, primary caregiver, qualified patient, or employee of an agency having jurisdiction to monitor or investigate the terms of regulatory compliance by OTC. OTC always provides entry to any employee of an agency with the jurisdiction to monitor and inspect OTC's facility. In strict accordance with California Health and Safety Code Section [11362.5](#) et seq., no one under the age of 18 is permitted to the site unless allowed under state law, and no one under the age of 21 is permitted to the site pursuant to California Business and Professions Code Section [26140](#). Anyone entering the site, except those representing a regulatory agency, must present photo identification. A doctor's recommendation is not required for Adult Use customers.

HMC § 20.20.095 (B)(7)(f): OTC does not hold or maintain a license from the State Department of Alcoholic Beverage Control to sell alcoholic beverages or operate a business that sells alcoholic beverages. Alcoholic beverages are strictly prohibited and are not allowed or consumed on OTC's premises.

HMC § 20.20.095 (B)(7)(g): OTC never conducts or engages in the commercial sale of any product, good or service unless otherwise approved by the commercial cannabis permit. We do not cultivate or clone cannabis. We only sell flower or manufactured cannabis and never infuse or manufacture products onsite, including edible products, and vaporizing devices if allowed by a permit issued by the Department of Health Services. No more than five percent of the retail dispensary area, up to a maximum of 200 square feet, is devoted to selling incidental goods for personal cannabis cultivation and use or promotional items, such as clothing, hats, or posters.

HMC § 20.20.095 (B)(7)(h): OTC strictly prohibits cannabis consumption on the premises, which includes the physical building and leasehold space, as well as any accessory structures, parking areas, sidewalks, driveways, or other immediate surroundings.

HMC § 20.20.095 (B)(7)(i): OTC will never increase in size without amending its commercial cannabis permit, as applicable.

HMC § 20.20.095 (B)(7)(j): OTC prohibits any physician from evaluating patients in order to issue a medicinal cannabis recommendation or medicinal cannabis identification card at any time.

HMC § 20.20.095 (B)(7)(k): Adequate parking required by Chapter [20.16](#) HMC, Article VIII, is provided on-site.

HMC § 20.20.095 (B)(7)(l): OTC operates from Monday through Sunday, 9:00 a.m. to 9:00 p.m. in accordance with the City's limitation on hours of operation.

HMC § 20.20.095 (B)(7)(n): OTC's delivery functions are included in the commercial cannabis permit application and waits for approval as a discrete function before commencing delivery operations. Delivery functions are in conformance with state cannabis laws and all of the following: (i) Deliveries are only conducted between the hours



of 9:00 a.m. to 9:00 p.m.; (ii) Deliveries are only made by OTC employees; and (iii) Delivery Drivers maintain a physical copy of the City commercial cannabis permit and business license and state cannabis license at all times.

HMC § 20.20.095 (B)(7)(o): OTC maintains records in accordance with the state and local requirements of its license type. We maintain accurate records, follow accepted cash-handling practices, and maintain a general ledger of cash transactions. We allow the City to access the books, records, accounts, and all data relevant to our operation for purposes of conducting an audit or examination to determine compliance with the municipal code, administrative regulations, conditions of approval, and applicable laws. OTC will produce all books, records, accounts, and all relevant data no later than 24 hours after receipt of the City’s request.

HMC § 20.20.095 (B)(7)(p): OTC posts the following signs, in measurements of not less than eight by 10 inches, clearly and legibly posted in a conspicuous location inside the facility where they will be visible to customers in the normal course of a transaction, stating: (i) “The dispensing of cannabis without a state license is illegal”; (ii) “Use or consumption of cannabis on this premises or property is prohibited”; and (iii) “All visitors to this premises must be at least 21 years of age, or, at least 18 years of age and able to show a government-issued medical cannabis ID card in accordance with California Health and Safety Code Section [11362.7](#) et seq.”

HMC § 20.20.095 (A)(14): OTC uses Meadow POS to track and report on all aspects of its business including, but not limited to, cannabis tracking, inventory data, gross sales (by weight and by sale) and other information which may be deemed necessary by the City. Meadow POS also has the capability to produce historical transactional data for review. OTC will only utilize Meadow POS once the City Manager authorizes its use. All records are available to the City upon request. We will also comply with a county track and trace system if required by the City Manager or their designee.

Compliance Overview – State Regulations (MAUCRSA): OTC meets and exceeds the requirements of MAUCRSA for track and trace, inventory, returns, destruction of products, waste management, environmental sustainability, records retention and various other operational requirements. Our ownership team is comprised of experienced individuals who currently operate and manage other licensed commercial cannabis businesses throughout Southern California, and we are applying this experience in Healdsburg as we expand into Northern California. The following summarizes our commitment to compliance with key provisions of MAUCRSA and how we exceed some of its minimum requirements.

Operational Requirements - Track and Trace (4 CR§§15034, 15049, 15049.2, 15050, & 15051): We utilize Meadow POS software for electronic tracking and storage of required sales records, delivery manifests and inventory that exceed the minimum track and trace requires promulgated by the Department of Cannabis Control (DCC). Meadow integrates with Metrc to create an inventory management platform with double verification and seamless integration. All required data points are first entered into Meadow, which automatically updates data in our Metrc account. These state regulations comprise the foundation of our track and trace SOPs, which have been implemented in our six (6) facilities without any events of inventory loss, major discrepancy or diversion event.

Operational Requirements - Inventory (4CCR§§15034, 15049, 15052.1, 15423 & 15424): Our robust inventory management control and reporting system allows us to account for all cannabis goods in possession at any given time while preventing the theft and diversion of these cannabis goods to minors and/or the illicit market. This applies mainly to significant discrepancies in inventory, track and trace reporting, acceptance or rejection of shipments. These regulations comprise the foundation of our inventory management SOPs, which have been implemented in our six (6) licensed facilities without any events of inventory loss, major discrepancy or diversion.

Operational Requirements - Waste Management (4CCR§17223 & Division 30 of the Public Resources Code): OTC stores, manages and disposes of cannabis waste in accordance with waste management laws. This entails the following core principles: (1) Secured waste storage is separate from cannabis product storage and traditional waste; (2) Waste must be rendered unusable and unrecognizable prior to disposal; and (3) Waste is tracked per 4 CCR § 15049(b)(5). These regulations comprise the foundation of our waste management SOPs, which have been



implemented across all licensed facilities without any waste-related adverse events.

Operational Requirements - Security (4CCR§15042-15047): All OTC security operations are conducted within the scope of compliance with these and additional regulations. This includes rigorous policies and procedures for Premises Access Requirements, the Licensee Employee Badge Requirement, Video Surveillance System and balancing state compliance with integration with City surveillance systems, Security Personnel, locks and the alarm system. These regulations comprise the foundation of our security SOPs, which have been implemented across all licensed facilities without any security breaches, theft, loss or other serious adverse event.

Operational Requirements - Purchase Limits (4CCR§15409): We adhere to all state-imposed purchase limits to ensure compliance and facilitate public health. These regulations comprise the foundation of our transactional SOPs, which have been implemented in our six (6) operational licensed facilities without any customers exceeding their purchase limits. We advise customers of daily purchase limits set by State law.

Operational Requirements - Recall (4CCR§17226 – 17227): We adhere to all voluntary and mandatory recalls for cannabis that has been discovered to be misbranded, deteriorated, adulterated, contaminated or any other negative effects. Recalls can happen at any point in time and in various parts of the supply chain and we are always ready to enact our recall procedures. These regulations comprise the foundation of our recall SOPs, which have been implemented in our six (6) operational facilities without any adverse events.

Operational Requirements - Testing (4CCR§15711-15735): We maintain compliance with all testing requirements throughout the supply chain. These regulations comprise the foundation of our testing SOPs, which have been implemented in our two retail licensed facilities without any events of untested or non-compliant products being sold.

Operational Requirements - Posting and Advertising (4CCR§15039–15041.7): We prominently display our local commercial cannabis business license and DCC state license in plain sight for all customers where it can also be viewed by state and local agencies. We only deploy marketing and advertising efforts after we have obtained reliable up to date composition data demonstrating that 71.6% of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. OTC's marketing and advertising does not use depictions of minors under the age of 21, does not contain the use of objects such as toys, inflatables, movie characters, cartoon characters of any other display, depiction or image designed in any manner to likely be appealing to minors under the age of 21, does not advertise free cannabis foods or product giveaways such as buy one get one, free products with donations or contests/ sweepstakes. We never sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term that may create a misleading impression that the product is an alcoholic beverage. We use age affirmation to verify that all recipients of direct, individualized communication are 21 years of age or older. We also verify this information before adding any potential customers to our mailing lists or subscriptions to receive further direct marketing materials. These regulations comprise the foundation of our marketing and advertising SOPs, which have been implemented in our two retail licensed facilities without any violations.

Retail Operational Requirements (4CCR§15402-15413): All OTC retail operations are conducted within the scope of compliance with local, state, federal and additional regulations. These regulations are woven into the framework of all Business Plans, Operating Plans and SOPs. Operational topics for Retail SOPs include age and ID verification, check-in procedures, processing transactions, customer service, opening and closing procedures, cash handling, recall, customer education, track and trace, purchase limits, cannabis discounts and various other topics that comprise day-to-day operations in a cannabis retail storefront environment. These state regulations comprise the foundation of our retail SOPs, which have been implemented across all our licensed facilities without any citations or violations.

Delivery Operational Requirements (4CCR§15414-5427): All OTC delivery operations are conducted in compliance with local, state, federal and additional regulations. These regulations are woven into the framework of all Business Plans, Operating Plans and SOPs. SOP topics include, but are not limited to, delivery employees, deliveries facilitated by technology platforms, delivery to a physical address, cannabis goods during delivery, delivery request receipt, and retailer premises-to-retailer premises transfer. These regulations are the foundation of our delivery SOPs, which have been implemented across all licensed facilities without any serious adverse events.



OFF THE CHARTS

Compliance Audits: OTC, its owners, and staff all recognize that the cannabis industry is continually evolving. This means that regulations, including local and state laws, are in a constant state of flux. Accordingly, OTC’s Chief Compliance Officer and general counsel is responsible for constantly monitoring the legal landscape of the state and all jurisdictions in which we operate and shall update our Standard Operating Procedures and facility protocols to ensure sustained compliance in the face of fluctuating regulations.

Incorporation of Industry Best Practices:

Our daily operations and associated SOPs are derived from guidelines, standards and best management practices promulgated by leading oversight agencies and regulatory bodies in the cannabis industry and other industries that closely align with commercial cannabis. We build these guidelines and best practices into our SOPs to ensure daily operations exceed minimum requirements within the scope of compliance for commercial cannabis and that we are holding ourselves and our staff to a higher standard than required. We also use these standards to expand our cannabis industry knowledge and to stay current with new developments in ancillary areas of operation such as safety and health and associated regulations enacted by the Occupational Safety and Health Administration (OSHA). We also audit our daily operations and associated SOPs periodically over time to determine areas for improvement and the potential need for additional SOPs or operational adjustments. The following chart displays some of the agencies, regulatory bodies and other entities from which we derive guidance to ensure long term operational success, ongoing compliance and beneficial outcomes for our staff the community.

| | |
|---|---|
|  | Worker Practices; Sanitation and Health; Product Testing; Product Traceability and Recall; Product Storage; Receiving and Transport; Equipment Management; Facility Maintenance; Sanitary Facilities; Sanitation Practices; Waste Management; Environmental and Business Sustainability; and Security |
|  | Standards for the development and implementation of an organization wide Quality Management System that are applied to all of our SOPs for quality control of our own systems, corrective action preventive action (CAPA) investigations and continued compliance. |
|  | Standards for the cannabis industry that address quality and safety through the development of voluntary consensus standards and supplementary programs on proficiency testing, training and certification; incorporated in operational areas such as quality management, video surveillance, transportation, intrusion detection |
|  | OSHA’s Voluntary Protection Program (VPP) prevents fatalities, injuries, and illnesses through a system focused on hazard prevention and control, worksite analysis, training, management commitment and worker involvement; comprises the foundation of our safety education and training for all employees. |
|  | Standards for global safety certification that are applied to the operation of our security equipment, including vault, security cameras, lighting, etc. |
|  | Provides guidelines for our facility occupancy thresholds, fire alarm systems, evacuation protocols and other areas of fire safety |
|  | Informs our SOPS for data security, data leakage prevention, HIPAA compliance and overall protection of our customers’ transactional data |
|  | Provides guidelines to keep controlled substances out of the hands of minors and the illicit market, informs our SOPs for product access, product security and employee theft reduction measures |
|  | Our diversion prevention protocols are modeled after the standards included in the Supply Chain Security Act. |
|  | Provides guidelines and standards for our security system infrastructure, including surveillance systems, wiring, connectivity, maintenance etc. |
|  | Outlines standards for interior and exterior security lighting and incorporated in our SOPs for lighting system maintenance |

Additional Agencies, Organizations and Regulatory Bodies include:



OTC License Profile: Our performance with respect to daily operations and associated SOPs is exemplified by our profile of licensed cannabis businesses throughout California and recently extending the OTC model to other states. We have conducted daily operations for cannabis retail and delivery across eleven (11) facilities with zero compliance infractions, and we will soon be diversifying our operations to include distribution and manufacturing and some of our soon-to-be operational facilities. We anticipate owning and operating at least 20 licensed cannabis businesses by



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the end of 2023 and continuing to hone our skills and knowledge in the cannabis industry to improve our daily operations in new commercial cannabis ventures such as in the City of Healdsburg. We have obtained the following commercial cannabis licenses, which we credit largely to the success of our best-in-class SOPs and operational planning presented in this section:

LICENSED CANNABIS BUSINESSES: CALIFORNIA

| Number | Entity Name | DCC License Number | License Type | Location | Business Status |
|--------|----------------------------|--------------------|-----------------------------|---|--------------------------------------|
| 001 | SCZZ Collective | C10-0000552-LIC | Retailer | 1745 Vista Way E Suite 7-10 Vista, CA 92084 | Operational |
| 002 | Area 29 LLC | C10-0000729-LIC | Retailer | 1508 Palm Canyon Dr S Palm Springs, CA 92264 | Operational |
| 003 | Ash's First LLC | C10-0000701-LIC | Retail & Onsite Consumption | 757 Williams Rd S Palm Springs, CA 92264 | Operational |
| 004 | Good Times Crenshaw LLC | C10-0000849-LIC | Retailer* | 4233 Crenshaw Blvd Unit A Los Angeles, CA 90008 | Operational |
| 005 | NSLV Enterprises | C9-0000403-LIC | Delivery | 1754 Carr Rd Suite 207 Calexico, CA 92231 | Non-operational (Licenses Issued) |
| 006 | Winterhaven Drive LLC | C10-0000906-LIC | Retailer | 2115 Winterhaven Dr Winterhaven, CA 92283 | Operational |
| 007 | OTC Van Nuys LLC | C10-0001037-LIC | Retailer* | 5242 N Van Nuys Blvd Los Angeles, CA 91401 | Operational |
| 008 | Circle Muskrat LLC | C10-0001078-LIC | Retailer | 2801 Harbor Blvd Suite C/D/E Costa Mesa, CA 92626 | Operational |
| 009 | OTC Ventura LLC | C10-0001138-LIC | Retailer | 2146 Newport Blvd Unit C/D Costa Mesa, CA 92627 | Non-Operational (Under Construction) |
| 010 | Ash & Lex LLC | C10-0001137-LIC | Retailer | 2424 Newport Blvd Unit C /F Costa Mesa, CA 92627 | Non-Operational (Under Construction) |
| 011 | Pine & Proper LLC | C10-22-0000072-APP | Retailer* | 615 E 61 st Street Los Angeles, CA 90001 | Non-Operational (Under Construction) |
| 012 | Happy Port Industries Inc. | C10-22-0000258-APP | Retailer* | 1300 Pacific Coast Hwy W Harbor City, CA 90710 | Non-Operational (Under Construction) |
| 013 | Bryant & Gilbert LLC | C12-22-0000050-APP | Microbusiness* | 877-879 Bryant St San Francisco, CA 94103 | Operational |
| 014 | Corona Wellness LLC | C10-22-0000089-APP | Retailer | 130 Industrial Way Corona, CA 92882 | Non-Operational (Under Construction) |
| 015 | Ash's Third LLC | TBD | Microbusiness | 875 Airway Pl Hemet, CA 92545 | Non-Operational (Under Construction) |
| 016 | Manifest Ventures LLC | TBD | Retailer | 2489 Guerneville Rd Santa Rosa, CA 95403 | Non-Operational (Under Construction) |
| 017 | OTC Riverside LLC | TBD | Retailer | 17739 Grand Ave Lake Elsinore, CA 92530 | Pending Local Approval |
| 018 | OTC NC LLC | TBD | Retailer | 900 Civic Center Blvd National City, 91950 | Non-Operational (Under Construction) |
| 019 | OTC Madera LLC | TBD | Retailer | 427 S Gateway Drive Madera, CA 93637 | Pending Local Approval |
| 020 | Entity Not Yet Filed | TBD | Retailer* | City of Long Beach (Property Not Yet Identified) | Pending Local Approval |
| 021 | OTC Indio LLC | TBD | Retailer | 45794 Salton St Indio, CA 92201 | Pending Local Approval |
| 022 | Aeon Botanika/ OTC WEHO | C10-0000764-LIC | Retailer | 8448 Santa Monica Blvd West Hollywood, CA 90069 | Operational |
| 023 | OTC Artesia LLC | TBD | Retailer | 17127 Pioneer Blvd Artesia, CA 90701 | Pending Local Approval |
| 024 | OTC Woodland LLC | TBD | Retailer | 113 Court St Woodland, CA 95695 | Pending Local Approval |



OFF THE CHAIRS

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| 025 | OTC Riverbank LLC | C10-000204-LIC | Retailer | TBD | Acquisition Pending |
| 026 | OTC Manteca LLC | TBD | Retailer | 2325 W Yosemite Ave Manteca, CA 95337 | Pending Local Approval |
| 027 | OTC Fontana LLC | TBD | Retailer | 10177 Citrus Ave Fontana, CA 92335 | Pending Local Approval |
| 028 | Rainbowtrees536 LLC | C10-0001232-LIC | Retailer | 8125 36 th Avenue Sacramento, CA 95824 | Operational |
| 029 | Survivormedz | C10-0000546-LIC | Retailer | 618 Pine St Ramona, CA 92065 | Operational |
| 030 | KIM Investments LLC | C10-0001072-LIC | Retailer | 3519 Harris St Lemon Grove, CA 91945 | Non-Operational (Under Construction) |
| 031 | OTC Lancaster LLC | TBD | Retailer | 42035 12 th St W #108 Lancaster, CA 93534 | Pending Local Approval |

* Social Equity Business

LICENSED CANNABIS BUSINESSES: OTHER STATES

| Entity Name | State License Number | License Type | Location | Business Status |
|------------------|----------------------|---------------------------------|---|---|
| OTC NM LLC | CCD-2022-0491-001 | Retailer | 8720 Menaul Blvd Albuquerque, NM | Non-Operational (Under Construction) |
| OTC NM LLC | TBD | Retailer | 750 S Main Street Las Cruces, NM | Non-Operational (Under Construction) |
| OTC Ohio LLC | MMD.04087 | Medical Dispensary | 3137-3145 Salem Ave Dayton, OH | Non-Operational (Under Construction) |
| OTC MS LLC | DSPY011425 | Medical Dispensary | 916 Foley St, Jackson, MS | Non-Operational (Under Construction) |
| OTC Jersey LLC | #2221 | Class 5 Retailer (Adult Use) | 167 New Jersey Ave Absecon, NJ 08201 | Non-Operational (Under Construction) |
| OTC VT LLC | TBD | Retailer | 448 Canal St Brattleboro, VT 05301 | Pending Local Approval |
| OTC Michigan LLC | AU-IRA-005235 | Retailer | 3756 S Dort Hwy Flint, MI 48507 | Pending Local Approval |

A.2.A. CUSTOMER CHECK-IN PROCEDURES

Experience has taught us that a well-trained staff, an intuitive POS System that assists with age and recommendation verification and an interior design that facilitates customer flow are absolutely critical for compliant screening and transactions procedures. OTC has developed Client Screening, Registration, and Validation procedures to accommodate high volumes of Adult Use and medical clients. Verification Specialists are responsible for confirming the validity of identification for all clients. No customer or patient is eligible to access the Retail Floor or any other areas beyond the Lobby until their age and/or patient status has been verified (4 CCR § 15402). If new or returning clients arrive without documentation of age and/or a current recommendation, Verification Specialists ask them to leave the facility and return with proper documentation. Verification Specialists consult the customer database for pre-existing clients or initiate membership intake for new clients. Verification Specialists buzz visitors into the Retail Floor from the separate check-in area of the Lobby only after this process is completed. No customer or patient is ever left alone on the Retail Floor without a staff member present. OTC does not tolerate any divergence from check-in protocols. Failure to adhere to check-in protocol is grounds for termination. Under no circumstances are unscreened visitors allowed into the Retail Floor. OTC assigns all customers unique identification numbers, and a detailed entry log is kept for all persons who check into the facility. Entry logs are electronically stored and retained for a period of at least seven (7) years in compliance with record retention procedures. The following procedures provide a step-by-step overview of the compliant process for OTC's check-in and dispensing operations:



Triple Verification Process: OTC incorporates a rigorous process for age verification and identification (ID) validation to ensure that all individuals on the premises are over the age of 21, to prevent the sale of cannabis to minors and to avoid pitfalls of false or invalid ID that could lead to unqualified individuals purchasing cannabis. A standard customer experience begins with a customer being greeted outside of the only public entrance to the retailer by the OTC's state-certified security guard. A preliminary visual ID check is done at this time before the customer is granted access to the premises; if the individual passes the first ID check, they are directed into the Lobby by security personnel. Check-in protocols within the facility occur in the Lobby and Secure Check-In. The Lobby and Secure-Check-In are adjacent rooms in the building that are separated by a pass-through window constructed of ¼" bulletproof glass. When the customer enters the Lobby they are greeted by a Verification Specialist who is stationed in Secure Check-In. The customer passes their ID through to the Verification Specialist and a second ID check is conducted using scanners that are integrated with our Meadow point-of-sale (POS) system. Once the ID is passed through to the Verification Specialist, scanned, validated and returned to the customer, they are checked into the Meadow POS Customer Queue. We create a new profile for first-time customers and ask if they would like to sign-up for the OTC's loyalty rewards program; returning customers are linked to their loyalty account, so all purchases are tracked for in-store benefits. By signing up, customers provide consent for OTC to store their data within the Meadow POS system, which allows for more streamlined age and ID verification for future purchases. A customer may choose to conduct their transaction as a one-time customer, which will result in the customer data still being put in the system for the purposes of the transaction, after which the one-time recreational customer's name will automatically be removed by the POS system, protecting the customer's identity. The customer is then granted access to the Retail Floor, where they are prompted for a third ID verification by a Cannabis Specialist before discussing any cannabis products or making a purchase. The customer is considered officially verified and eligible to make a purchase once they have completed the third ID check on the Retail Floor. This form of triple verification ensures that only authorized individuals enter the facility and that no attempted diversion to minors is occurring.

Age Verification: Clientele must provide valid government-issued ID for age verification upon entry. Adult Use clients must prove they are 21 or older, and Medical Patients must prove they are 18 or older (4 CCR §15400). OTC uses Meadow's integrated ID scanners to scan the barcode of government ID, verify the client's age and confirm the identification's validity. We also confirm that the ID is not expired; any client that submits expired or invalid identification is turned away, and we request that they return with current identification. Further, our intake protocol requires staff to upload photographic proof of all new clients' government-issued IDs. We have two ID Scanners synched with Meadow that are positioned in Secure Check-In for pre-entry age verification purposes.

Registration of New Adult Use Clientele: All Adult Use customers must register as a new client or verify an existing profile at check-in. The Meadow POS system requires the input of client information, including: (1) Scanned government ID; (2) Date of birth; (3) Identification expiration; and (4) Contact information and ID/registration documents. The database assigns client ID numbers for internal tracking and sales reporting; it also saves this information in full member profiles, so ID expiration dates and other information are easily accessible by staff. These queues enable staff to best serve clients by being able to access previous transactions and make recommendations based on prior visits, as well as to track purchase limits. It also enables staff to know who is currently in the facility and the amount of cannabis purchased on any given day. The customer tracker assigns each transaction to a client's unique ID number so staff can audit the system regularly and prevent transactions above the daily limits imposed by the state (4 CCR § 15409). All stored information will have unique access level requirements to protect and keep client information secure. Adult Use customers are buzzed in through an electronic panel behind the reception desk and given access to the Retail Floor only after this process has been completed. If the Retail Floor is at maximum occupancy, we ask that customers wait in the Lobby and view our educational materials until there is available space on the Retail Floor.

Patient Registration & Support for New Patients: Medical Patients complete a Patient Information Form with contact and emergency information only after they confirm they are 18 or older and have provided valid documentation. Staff is required to create a new file in Meadow's database and attach all scanned documentation into a patient's profile. All patients receive unique ID numbers and Handbooks with the retail storefront's rules and



regulations. Patients are given a medical information pamphlet as part of their Handbook. Patient profiles contain the following: (1) Name and contact information; (2) Medical recommendation/Cannabis Card identification number; (3) Physician name and contact information; (4) Recommendation issue/expiration date; (5) Recommended uses and prescription limits; (6) Diagnosed qualifying condition. Patient profiles feature medicinal recommendations based on diagnosis and purchase histories. Patient orientation includes questions to confirm their recommendation is consistent with their condition. Intake staff inquire about the patient's recommending physician to ensure compliance with State law. OTC promptly reports any suspect or fraudulent healthcare provider activities to the Medical Board. Additional medical documents, such as permission for usage amounts exceeding state daily limits, are also scanned into patient records. All patient documents and records are input into Meadow's database, stored in a secured area, and made available to the Department of Cannabis Control (DCC) upon request (4 CCR § 15037(d)).

Separation of Medical and Adult Use Transactions: We separate Adult Use customer and Medical Patients experiences from check-in through purchase to ensure compliance with Health Insurance Portability and Accountability Act (HIPAA) and create the best possible experience for all of our clients. Cannabis Specialists verify Adult Use customer or Medical Patient status on the Retail Floor and assist in product choice based on patient status. Cannabis Specialists only move forward to discuss products and process transactions after they have confirmed the client's valid ID and, if applicable, doctors' recommendation is present in our internal records. This form of double verification ensures vigilance in the confirmation of age and identity of our clientele to prevent diversion by individuals attempting to access the facility with false identification. Cannabis Specialists are available to Medical Patients and Adult Use clients to discuss cannabis use as a wellness treatment for various ailments, including the medical effects of different cannabinoids, their interrelationship, and dosing suggestions. Cannabis Specialists focus on client-specific wellness and treatment plans and provide informational handouts upon request. Cannabis Specialists are available to review and update care plans and trained to discuss alternative treatments, as well as to identify signs of misuse and dependence. Final transactions are designated as "Medical" or "Adult Use" in the Meadow POS processing system and appropriate taxes will be automated. Meadow's integration with Metrc ensures real-time compliance with transactional elements of MAUCRSA and HMC. Managerial insight has taught us that sales staff must be qualified and prepared to discuss cannabis at a research-based health and wellness level and be able to do so in a way that is understandable and relatable to a wide spectrum of clientele. Our experience has shown us that age demographics of retail storefront clientele is shifting, and staff must be able to adeptly communicate with everyone from the cannabis connoisseur to the genuine geriatric, who was legitimately prescribed cannabis for a given qualifying condition. Although Medical Patients often have more complicated and nuanced inquiries, most Adult Use customers also seek informed guidance when choosing cannabis products. Cannabis products on display will be mostly uniform amongst checkout counters; however, any designated medical products having higher cannabinoid content and dosing will be available only at medical counters to avoid any potential confusion to both Medical and Adult Use customers. This separation of product process begins when we receive deliveries of cannabis goods and continues through clientele checkout. Proper separation of medical-use only products maximizes efficiency, while Meadow POS and Metrc software ensures that "For Medical Use Only" products are only sold to qualified patients (4 CCR § 1500.2(c)).

Patient/Client Record Protocol – HIPAA: Medical patients fill out a Membership Agreement, Health Insurance Portability and Accountability Act "HIPAA" Privacy Authorization Form and sign the Initial the Rules for Membership in addition to the Patient Information Form. Caregiver records are attached to patient profile for patients in their care. All OTC employees are trained in HIPAA compliance and confidentiality and are responsible for exercising when addressing medical conditions and personal information. Confidentiality training includes methods and concepts designed to protect staff (such as work schedule, phone number, home addresses, vehicle information and other personal information) and facility information (Operational procedures, response protocols, network passcodes and other restricted information).

Determining Documentation Validity: Admitting individuals into the retailer premises with false identification could lead to theft, diversion, loss or other adverse events, and we take strict measures to prevent this occurrence. It is imperative that our staff is thoroughly trained on how to analyze documentation that is presented by customers to



confirm their age and identity. Below is an excerpt of our standard operating procedure for documentation validation that we use to train employees and as a reference guide to completing this process effectively:

- 1) Greet customer warmly and ask for identification;
- 2) Make sure the customer physically presents their ID; it cannot be observed through a wallet or other carrier;
- 3) Use blacklight to verify all validation points are present, specific to state ID, including:
 - a. First Name, Last Name, and Middle Initial;
 - b. DOB that indicates that the customer is 21 years or older;
 - c. Expiration Date;
 - d. Photograph matching the individual who presented the ID; and
 - e. It scans using Meadow's integrated scanner and presents as valid.
- 4) If there is confusion or uncertainty regarding the ID's validity, refer to our Unacceptable ID Visual Guide;
- 5) If the Identification is from out of state, please use the ID Checking Guide to verify authenticity;
- 6) Once the ID is deemed an acceptable type of identification, use the additional steps to verify authenticity:
 - a. Hold ID and feel for:
 - i. Raised edges around the photo
 - ii. Bumpy surfaces
 - iii. Irregular lamination
 - iv. Cuts, slits or pin holes
 - v. Peeling lamination or uneven corners
 - vi. Thickness or quality of ID
 - b. Closely read the ID:
 - i. Check expiration date first and reject the ID if it is expired
 - ii. Check the DOB
 - iii. Check photo and ensure it matches the appearance of the individual who presented the ID
 - iv. Compare consistency of printing
 - v. Look for letters and numbers that do not match in font or alignment
 - vi. Turn over ID and check the information on the back;
- 7) If there is any question regarding the ID's validity, quiz the person on the information listed on the ID ask for their: zip code, spelling of their middle name, address, and age. You can also ask them to sign their name and compare it to the signature on the ID or for another piece of ID (people with fake ID rarely have a backup);
- 8) If you suspect the ID is invalid, call your Lead over so there is a witness to the interaction; if a Lead is not available call your Team Lead or the General Manager; and
- 9) If you have confirmed the individual is not of legal age or does not have an acceptable unaltered and unexpired form of identification, calmly let the individual know that as much as you would love to help them, their identification is unacceptable, and you will be unable to allow them into the facility.

Visitor/Contractor Check-In: Visitors, contractors and equipment technicians are only allowed on-site if their duties require access. Visitors must provide valid identification, sign into a secure logbook and wear serialized temporary ID badges at all times (4 CCR § 15042). OTC employees make a photocopy of the visitor's identification that is put into a visitor logbook along with the reason for their visit. Additionally, the time-in, time-out, and record of any access to limited access areas are recorded for all visitors and contractors. No visitors under 21 are permitted on the premises at any time. Any non-clients, media, or community members who want to tour the facility must have prior permission from management and will be issued a temporary badge if approved. Visitors must be supervised at all times by a staff member. Please see our Visitor Protocols in the **SECTION C: SECURITY PLAN** for further detail.

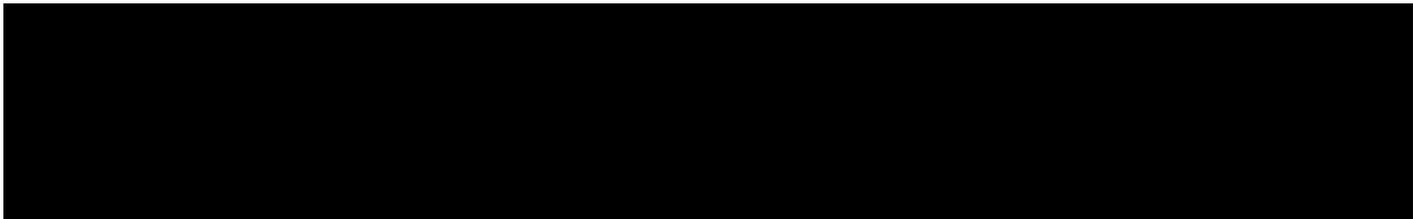
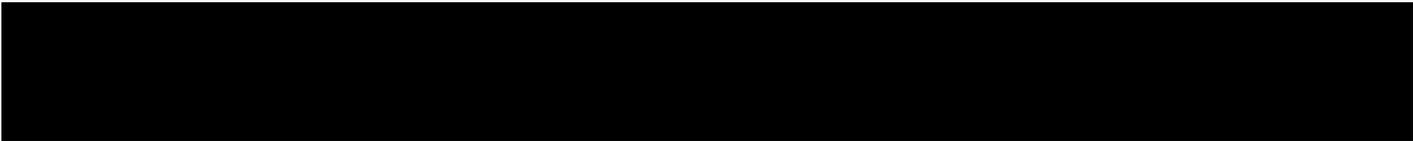
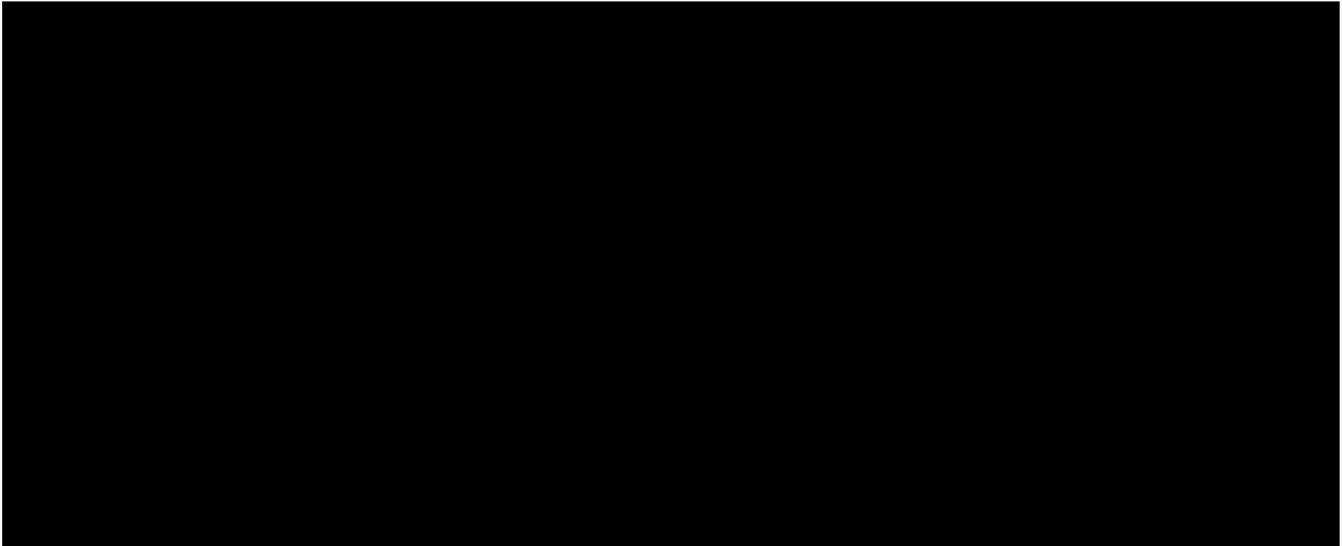
Authorized Agent Check-In: Agents of the Healdsburg Police Department, DCC, City and County code officers, sheriff deputies, Fire Department and other authorized representatives are granted unrestricted access for inspection, investigation, auditing, and other approved purposes (4 CCR § 17800). These individuals are still required to go through visitor check-in procedures, which are described further in **SECTION C: SECURITY PLAN**.



Exit Process: Upon checkout all product is placed in opaque, resealable, tamper-evident, childproof exit packaging beyond baseline minimums imposed by the DCC (4 CCR § 15413). Clientele are directed towards the exit after their transaction is processed. Customers are monitored at the exit to prevent loitering, and suspicious behavior. Any persons breaching OTC’s exit policy are reminded to exit the facility by Security Personnel. Customers are instructed verbally and through posted signage to respect adjacent businesses and residential neighborhoods by being quiet when leaving the premises. Signage placed around the exit reminds clientele that cannabis consumption, loitering and any other behavior that could be described as a public nuisance is prohibited on the premises or in areas adjacent to the business. More detail on these protocols is provided in **SECTION E: NEIGHBORHOOD COMPATIBILITY PLAN.**

A.2.B. LOCATION AND PROCEDURES FOR RECEIVING DELIVERIES

All incoming deliveries are received in Vendor Intake, which is completely separated from any areas that our clients may access. Conducting delivery receipt away from any client-facing areas ensures public safety and prevents theft or diversion by avoiding a situation where bulk cannabis goods are accessible to individuals on the facility exterior during delivery intake. The diagram on the following page provides a visual display of our receiving protocols, and the route cannabis goods take from outside the facility and into secure storage:



Our two-pronged approach to track and trace with Meadow and Metrc assists with verification of product source by requiring transfer manifests anytime a package moves from facility to facility. Transfer manifests are made prior to transport and can only be generated between licensed Distributors and annual licensees granted access to the state’s Metrc database. All product received through a Metrc verified transfer involves a licensed product source delivered by a licensed Distributor. Metrc’s transfer manifest includes: (1) Name/type of cannabis goods; (2) Unique identifier of cannabis goods; (3) Amount of cannabis goods, by weight or count; (4) Date/time of transaction; and (5) Name



and license number of licensees involved in the transaction. Confirmed receipt by a licensee results in the product details being assigned to the receiving party’s inventory in Metrc’s database; this is reflected in OTC’s Metrc account and our Meadow POS system, which links to Metrc in real time. The IM inspects all incoming shipments to ensure deliveries match the transfer manifest, including matching Certificates of Analysis and compliant packaging and labeling of all cannabis goods. Security Personnel are always present to supervise during receiving protocols as a form of double verification. Any cannabis goods with compromised packaging and labeling are rejected immediately as these cannabis goods present threats for diversion and theft. Any received package that does not match the weight, volume or count on the manifest is adjusted and reported in our inventory to match actual adjusted weight, volume or count (BPC §26070(h)). We accept or reject shipments of cannabis goods in whole. We only reject partial orders of cannabis goods if we receive an order containing cannabis goods that differ from those listed on the shipping manifest that were damaged during transportation or that contain cannabis goods that are non-compliant with packaging and labeling requirements. The rejected portion of the order is always recorded in Meadow POS and Metrc (4 CCR § 15049(b)(2)). Upon inventory verification, confirmed shipments are documented in recorded sales invoices between licensees that specify: (1) Name/address of purchaser; (2) Date of sale and invoice number; (3) Kind, quantity, size and capacity of packages; (4) Cost to purchase; and (5) Place from which transport was made.

Rejected shipments are documented and recorded in Metrc to reflect the reason for rejection. OTC signs the Shipping Manifest, and the received product is inventoried in Vendor Intake once the Transfer Manifest has been confirmed and the full inspection is conducted. The delivery driver is given a copy of the approved or rejected shipping manifest, indicating the date, time, receiver’s name, licensee name and license number, and any discrepancies in delivery. Meadow automatically updates when Metrc receives incoming inventory, sets a package’s unit of measure prior to acceptance and creates manifests for returns, customer deliveries, and transfers. Inversely, Meadow pushes automated updates to Metrc for sales and associated package IDs, product price, changes in quantity/inventory and closed packages upon delivery. OTC’s Chief Compliance Officer maintains an active roster of all employees using the Metrc system and notifies the DCC via Form DCC-LIC-027 within three days if a compliance notification is not fully resolved (4 CCR § 15023(e)(2)). All required data points for receiving deliveries are entered into the Meadow POS system and automatically update in the company’s Metrc account. All transactions are accounted for within 24 hours; any discrepancies are reported to the DCC (4 CCR § 15036(a)).

SOP Excerpt: We have developed and updated an organization-wide standard operating procedure (SOP) for receiving deliveries of cannabis goods and the subsequent acceptance or rejection of these deliveries as part of our SOP Manual for our eleven (11) operational facilities. Below is an excerpt of this SOP from our SOP Manual titled “Accepting or Rejecting Deliveries of Cannabis Goods” that has been used across eleven (11) facilities without any compliance issues or adverse events:

| | |
|---------------------|--|
| Company Name | Off The Charts (OTC) |
| SOP Name | Accepting or Rejecting Deliveries of Cannabis Goods |
| Version | 3.0 |
| Purpose | This document describes compliant policies and procedures for accepting or rejecting an incoming shipment of cannabis goods to ensure strict control over cannabis and cannabis products at all times. |
| Scope | Coordinating incoming deliveries Reviewing transfer manifests and Certificates of Analysis Signing off or rejecting a delivery Moving products into secure storage, if accepted |



OFF THE CHARIS

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|---------------------------------------|---|
| Employee(s) Responsible | Inventory Manager Inventory Technicians General Manager |
| Definitions | DCC: Department of Cannabis Control Metrc: The State-approved closed-circuit track and trace system, also known as California Cannabis Track and Trace Metrc (CCTT-Metrc) Meadow: OTC’s point-of-sale (POS) system COA: Certificate of Analysis Transfer Manifest: Document signifying a chain of custody change GM: General Manager IM: Inventory Manager |
| Reference Associated Documents | Sample Shipping Manifest Sample Certificate of Analysis Form DCC-LIC-027 |
| Materials and Equipment | Mobile device with Meadow Integrated Meadow scanner Clipboard Pen Radio/Cell Phone Wheeled cart |
| Health and Safety Warnings | Exercise caution when lifting objects/packages over 50 lbs |

- 1) Prearrange all deliveries and disclose to staff in advance, including IM and Inventory Technicians responsible for processing shipments.
- 2) Place all distributor deliveries on OTC’s vendor appointment schedule, which prevents any unannounced or non-scheduled deliveries from occurring.
- 3) Prior to arrival (30 minutes) on the day of delivery, text or call the Distributor’s designated contact and alert the designated inventory staff and IM to ensure everyone is prepared to receive the deliveries in a quick, secure and safe manner.
- 4) Upon arrival, send Security Personnel to meet the Distributor at their vehicle to provide a two-person process for security purposes.
- 5) Receive the Shipping Manifest from the Distributor employee.

Note: Each Distributor must generate a Shipping Manifest before goods are transferred from its facility to OTC, which lists all purchased goods.

- 6) To maintain a clear chain of custody, verify the following on the Shipping Manifest:
 - a. OTC’s name and license number;
 - b. Distributor’s name and license number;
 - c. Name of the transportation driver;
 - d. List of all products included in the delivery;
 - e. All unique identifiers (UIDs) linked to each product;
 - f. Origination location and time of departure;
 - g. OTC’s address and expected time of arrival;
 - h. Transportation vehicle information (make, model, license plate number); and
 - i. Any remaining information required by law.



- 7) Inspect shipment prior to accepting the order. This allows for the return of any products (prior to being unloaded into the Storage Room due to:
 - a. Defects in the shipment, such as incorrect products in the shipment that do not match the Shipping Manifest;
 - b. Damaged products;
 - c. Incorrect packaging/labeling;
 - d. No Certificate of Analysis or matching batch number on the Certificate of Analysis for the batch; and
 - e. Products that have exceeded their best-by, sell-by, or expiration date.
- 8) Document rejected shipments and record in Meadow to reflect the reason for rejection.
- 9) Once the shipment is approved by visual inspection and matched to the list of products on the Shipping Manifest, accept the shipment and transfer the products to the Storage Room.
- 10) Prior to placement in the Storage Room, ensure that all product movement up to that point is entered in Metrc and Meadow including:
 - a. Shipping Manifest;
 - b. Date/time the shipment arrived;
 - c. Employee who received and inspected product; and
 - d. Certificates of Analysis (COA) for the batch prior to placement in the Storage Room.
- 11) Ensure all storage areas within the LARFSR are labeled to show where each type of product is stored, such as flower, edibles, vape cartridges, topicals, tinctures, etc. and place the products accordingly.

A.2.C. POS SYSTEM AND LOCATIONS

We utilize Meadow POS software for the electronic tracking and storage of required records of sales, delivery manifests and inventory that exceeds the minimum track and trace requires promulgated by 4 CCR Article 6. We also use Dutchie's software platform for all online orders to streamline customer flow and reduce wait times and prevent traffic-related bottlenecks in the store; Dutchie integrates with our Meadow POS to populate all online orders and related product movements into our inventory control and reporting system. Meadow then integrates with Metrc to create an inventory management platform with double verification and seamless integration. All required data points are first entered into Meadow and Dutchie, which then automatically updates data in our Metrc account. All transactions are accounted for within 24 hours and any discrepancies are reported to the Department of Cannabis Control (DCC) immediately (4 CCR § 15049(c)). We use OnFleet's software and equipment for deliveries to provide real-time location monitoring, log electronic capabilities, and report fuel consumption and driver route performance. Any information requested by the DCC regarding location and delivery routes is immediately accessed through the system and dutifully supplied. We use Meadow POS system, Dutchie and OnFleet at all our facilities, and with 20+ collective years of experience using Meadow POS and Metrc between our owners and managers, we have mastery of all system features and operations and are able to easily troubleshoot any issues we may experience with the system.



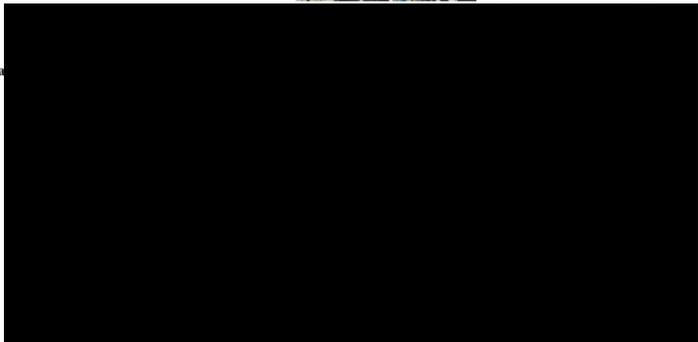
Metrc Integration: Meadow exceeds minimum state requirements by automatically integrating the following into Metrc for each purchase: (1) Name and type of the cannabis goods; (2) Unique identifier of the cannabis goods; (3) Amount of cannabis goods, by weight or count, and total wholesale cost of the cannabis goods, as applicable; (4) Date and time of the activity or transaction; and (5) Name and license number of other licensees involved in the activity or transaction. Meadow features two separate modules for track and trace: Inventory Tracking and Compliance Tracking. Inventory Tracking helps us monitor inventory internally as it moves throughout the internal chain of custody such as from secure storage to the Retail Floor, while Compliance Tracking monitors inventory that exits our chain of custody as part of a transaction, which requires a heightened emphasis on compliance with state track-and-trace regulations and involves integration with Metrc. We invite City officials and designees authorized to enforce provisions of HMC to have access to our books, records, accounts, together with any other data or documents relevant to our retail cannabis activities for the purpose of conducting an audit or examination. Meadow POS allows us to provide these records in an electronic format that is compatible with the city's software and hardware.



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POS Locations: We have proposed five (5) total POS locations at any given time, which allow us to efficiently serve all our clientele while keeping our operations safe and efficient. Three (3) POS terminals are allocated to Adult Use transactions, while one (1) POS terminal is designated for Medical transactions to maintain HIPAA compliance. We have designated one (1) POS terminal to process online orders that can also be used as an additional “flex” cashless POS station available for use during high traffic times.

- Adult Use POS Terminal
- Medical POS Terminal
- Flex POS Terminal



The adjacent diagram displays prospective POS locations:

A.2.D. NUMBER OF CUSTOMERS TO BE SERVED PER HOUR/DAY

We have gathered significant amounts of customer data from existing operations at our facility in Vista, CA, which is the closest of our facilities and the most applicable comparisons for population. Analysis of our customer metrics in Vista has given us a baseline to create an accurate representation of our customer expectations for planned operations in other locations with varying degrees of demographic comparability. In the most recent census on record (2021), the population of Healdsburg was 11,709, which is roughly 88% less than Vista’s population (98,655), the location of our flagship store. However, surrounding areas of Sonoma County have significant populations that are underserved by licensed cannabis Retail establishment, and Healdsburg and its neighboring cities experience much higher traffic related to wine tourism compared to Vista. We have adjusted our customer projections to account for a lower population while also accounting for increased tourist traffic differences.

We currently process an average of over 1,000 transactions a day, with peak traffic reaching 1,200 per day transactions at our Vista store. *We estimate that we will be able to process an average of over 400 transactions per day with peak traffic projections reaching upwards of 520 transactions per day at our Healdsburg location given the population and demographic analysis highlighted above.* We have an average transaction time of seven (7) minutes per customer at our Vista location, which we believe will be replicated in Healdsburg based on the general experience level with cannabis observed in consumers throughout Sonoma County. *We anticipate that we will be able to process upwards of 40 transactions per hour, with peak transactions per hour reaching upwards of 60 transactions based on existing data.* This increased average transaction time does not impact sales as we have the number of POS terminals required to consistently process transactions. With 32 planned parking spaces in our parking lot, OTC has sufficient parking to handle this customer count without any challenges. We are confident our existing operational throughput can be replicated in Healdsburg. Despite designing our ability to facilitate upwards of 600 transactions per day, our initial financial projections for Healdsburg are extremely conservative, and we are very confident in our ability to exceed those expectations once operations begin. Our expectant operating costs include staffing that will allows us to service numbers in line with our other locations, but slightly more conservative projections allow us to have realistic expectations. OTC prides itself on our customer retention rates, and our ability to be so successful in other markets

| ESTIMATED RETAIL SALES PERCENTAGE | | | |
|-----------------------------------|---------|--------------------|---------------------|
| PRODUCT TYPE | SALES % | SALES/MTH | SALES/YR |
| EDIBLES | 26.8% | \$369,036 | \$4,428,432 |
| FLOWER | 22.4% | \$308,448 | \$3,701,376 |
| PRE-ROLLS | 19.5% | \$268,515 | \$3,222,180 |
| CARTRIDGE | 14.8% | \$203,796 | \$2,445,552 |
| BEVERAGE | 5.5% | \$75,735 | \$908,820 |
| EXTRACT | 4.6% | \$63,342 | \$760,104 |
| TOPICAL/TINCTURE | 3.2% | \$44,064 | \$528,768 |
| MERCHANDISE | 2.1% | \$28,917 | \$347,004 |
| CAPSULE | 1.1% | \$15,147 | \$181,764 |
| TOTALS | | \$1,377,000 | \$16,524,000 |





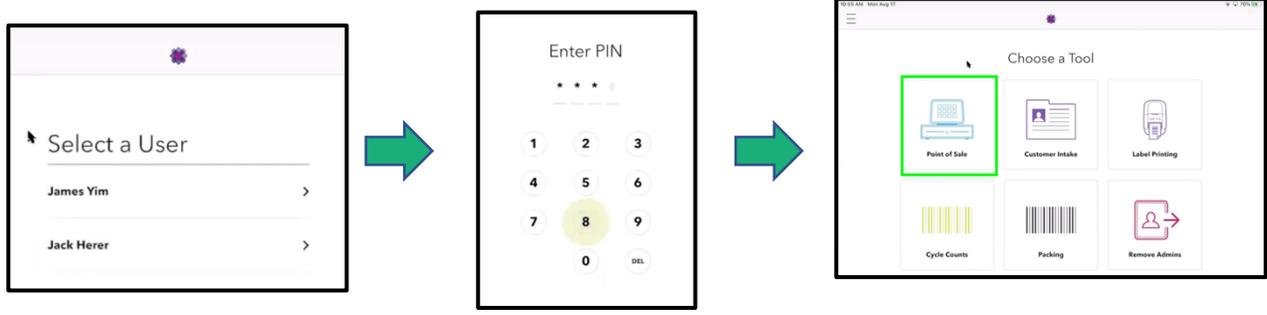
comes from our propensity to incite customer loyalty and repeat business. The above graph shows that roughly 90% of our business over the last three months has been attributed to returning customers. Our customer retention efforts not only allow us to ensure a steady flow of customers, but they have also allowed us to increase the speed of customer transactions and flow due to the rapport between staff and customers as well as customer familiarity with the retail space and product offerings. These higher flow-through rates allow OTC to service a high volume of customers without overflow and backed-up lines that can be a nuisance to neighbors and surrounding businesses.

A.2.E. TRACK-AND-TRACE, POS SYSTEM AND DIVERSION PREVENTION

Meadow POS works with Metrc to maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the retail process until purchase. OTC has created and actively maintains our Metrc account as a condition of commencing any commercial cannabis activity in Healdsburg. We keep hard copies of records and transfer information to Metrc within twenty-four (24) hours of system availability after connectivity restoration. We maintain accurate books and records in electronic format, detailing all revenues, expenses, assets and liabilities of the cannabis business. We submit a statement sworn as to accuracy, detailing our commercial cannabis business's revenue and number of sales during the previous 12-month period at or before the time of our commercial cannabis permit renewal. The statement also includes gross revenues for each month and all applicable taxes paid or due to be paid. Our Meadow POS system facilitates the development and retention of these reports. We submit a financial audit of OTC's operations that is conducted by an independent CPA to the City Manager on an annual basis. We use Meadow's records software to compile documents needed for such audits. We also maintain records electronically and physically pursuant to 4 CCR § 15037(a) for a minimum of seven years and make them available to agents or employees of the City upon request. We use Meadow POS and Metrc programs to record the following information for all cannabis goods we carry in our inventory at any given time: (1) A description of each item such that the cannabis goods can easily be identified; (2) An accurate measurement of the quantity of the item; (3) The date and time the cannabis goods were received; (4) The sell-by or expiration date provided on the package of cannabis goods, if any; (5) The name and license number of the licensed distributor or business that transported the cannabis good; (6) The price paid for the cannabis goods, including taxes, delivery costs, and any other cost; and (7) any other information required by local or state law (4 CCR § 15423). The continuous and accurate tracking of inventory is the foundation of our robust diversion prevention protocols. A full description of our diversion prevention strategies is described in the following section **A.2.E.1. Diversion Prevention.**

Meadow POS - Processing Transactions: Meadow POS helps us process transactions with knowledge of products' exact location on the premises, the amount of inventory of specific products held onsite and associated data to help us track products as they are removed from inventory as part of a customer's order. The procedural description below offers insight into how we use Meadow POS to process transactions and track products to prevent diversion.

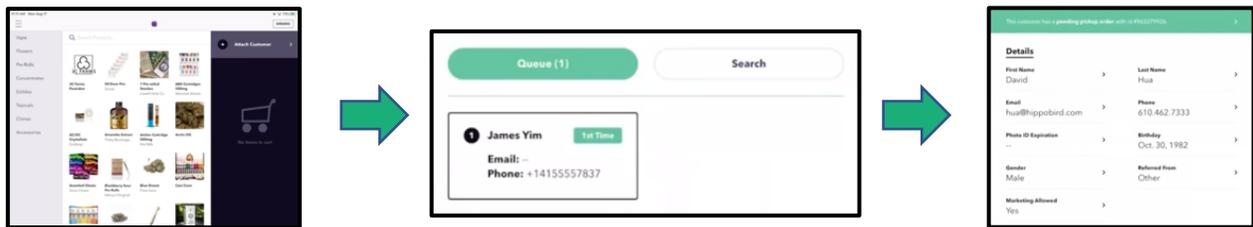
Step 1: Cannabis Specialists are required to sign into the Meadow platform using a unique Personal Identification Number (PIN) that allows us to monitor all activity they conduct throughout their shift and assign transactions and inventory events to their account. To access the POS module, Cannabis Specialists navigate to the sign-in screen where they are then prompted to select their account from a list of users, enter their PIN and navigate to the "Choose a Tool" screen where they will select the "Point of Sale" module.





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Step 2: Cannabis Specialists are then brought to the home screen where they can view all available products and begin creating the customer’s order. Cannabis Specialists select “Attach a Customer” and are then brought to the Customer Queue. Members who have been added to the ‘Customer Queue’ are populated in chronological order from when the customer was checked in at Secure Check-In. When Cannabis Specialists select a customer, a window appears to display all of their personal information, such as name and date of birth, and any associated documentation required for verification i.e., government-issued identification and/or medical recommendation. Cannabis Specialists can also edit any contact information or any other information at the customer’s request. Cannabis Specialists select the customer from the queue after validating all their information and are then brought back to the home screen to begin building the client’s order.



Step 3: Cannabis Specialists can quickly familiarize themselves with the client purchase history by clicking on their name in the top right corner of the sales screen to view a summary of their individual profile. The summary includes key information about the client such as past orders, accrued rewards dollars, relevant discounts and customer notes. Favorite products automatically populate based on purchase history. If a patient is associated with a caregiver and both are checked in, a toggle will display allowing us to select whether the caregiver is attached to the sale.

Step 4: From the sales screen, Cannabis Specialists either scan product barcodes or manually select products from the menu to add them to the order using the integrated Meadow POS hardware. If they don’t have immediate access to a barcode scanner or their retail label isn’t scanning properly, they can quickly search the entire menu by entering the product information into the search bar to narrow down the results. The “Categories” feature allows them to manually search the menu by product type and is a helpful tool for making specific recommendations. Clicking on products pulls up information specific to that item, including attributes and lab results (if available), product sizes, flavor options, etc., and the amount we have left in live inventory (if configured).

Step 5: Cannabis Specialists select size and quantity of each product and tap “Add to Cart.” This adds the product as a line item to the current order. If the customer decides they want more/less of a product after it’s been added, changes can be made to quantities and/or sizes by clicking the “+” or “-” buttons on the left-hand side of the line item.



Step 6: Cannabis Specialists can apply any additional discounts by clicking the “Discount” button. For increased accountability, these can be configured to require a manager’s PIN. If an item has any automatic discounts attached to it, this will display in the “Discount” column, along with the name and specifics about the discount. The discount pop-up is specifically configured to include our full rewards program discounts and show the full details to both Cannabis Specialists and customers upon request. Highlighting a product in the shopping cart by clicking on it causes item-based discounts to become available, while entire cart discounts are greyed out. Clicking away from the line item allow cart discounts to become available again.



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Step 7: Once the order is complete, Cannabis Specialists click return to the order summary, review the order with the client and confirm their payment method. Cannabis Specialists select “Debit” or “Cash” and are then brought to the payment screen where the client is prompted to submit payment. Clients also have the option to use their loyalty rewards points at this time to reduce their cost of their purchases, and in some cases, an entire order may be paid for using loyalty points. For cash payments, the Cannabis Specialist has the option to input the amount of cash received, allowing Meadow to generate an exact change amount to avoid pitfalls in cash management protocols.



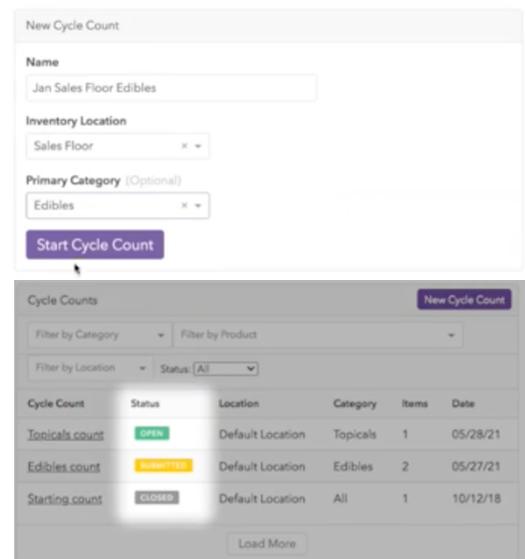
Step 8: Cannabis Specialists remit change and can either print or email a receipt to complete the sale.

Purchase Limits: MAUCRSA limits the amount of cannabis that can be sold to Adult Use customers. Our system will show you how close each customer is to reaching their daily purchase limit to maintain compliance with these limits. To view purchase limit information for a given order, Cannabis Specialists simply click the Purchase Limits button at the top of the cart. Meadow will prevent Cannabis Specialists from overselling certain types of products to different customers; if the amount of products added to a customer's cart exceeds their daily limits, the system will block Cannabis Specialists from checking out.

Receiving Inventory: See above under *A.2.B. Location and Procedure for Receiving Deliveries* for further detail on inventory control with respect to receiving deliveries.

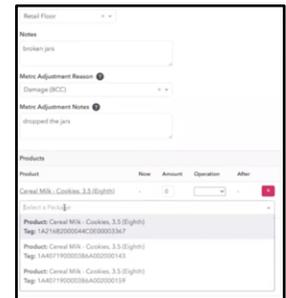
Inputting New Inventory: Once all inspection and administrative requirements are met, the received product is inventoried in Vendor Intake (Limited Access Area) and entered into Meadow as inventory received; the delivery manifest is also uploaded into Meadow as an attachment.

Inventory Audits (Cycle Counts): Cycle counts are used to confirm product quantities and detect discrepancies. This is a way to ensure that the physical count of different products onsite matches the quantities for each product listed in Meadow. There are three different statuses for cycle counts: (1) Submitted; (2) Open; and (3) Closed. Submitted means that the physical count is complete and the count is awaiting review by a member of leadership before finalizing the inventory audit. Individuals that are authorized to sign off on an Inventory Audit include the General Manager, Inventory Manager and Chief Operating Officer (COO). Any discrepancies in the count can be viewed in real-time and can be sorted from largest to smallest. A cycle count can be re-opened to make adjustments if any inaccuracies are discovered. Meadow is also able to identify conflicts between a physical count and the platform’s count, such as a situation where a product that was counted during an inventory audit was sold by a Cannabis Specialist before the count was completed. We aim to conduct cycle counts during non-operational hours or off-peak hours to avoid any discrepancies of this nature. Once an authorized member of leadership reviews the Cycle Count they can close the audit so Meadow updates and reflects all of the changes made. If there are any questions of accuracy after the audit has been closed, we can use the “Inventory Transaction” page to create a historical record of all audits, transfers and any other inventory events.





Adjusting Inventory: While the need for inventory adjustments is quite rare, Meadow allows us to manually change inventory numbers depending on certain events throughout daily operations such as product damage or designation as waste due to expiration. For example, if a Cannabis Specialist drops a glass jar and compromises the product's packaging, Meadow allows us to make an inventory adjustment to remove that product from inventory while maintaining the chain of custody. This ensures that we accurately document the existing quantity of products held onsite that are both for sale and that have been removed from the internal supply chain.



Creating New Stock Keeping Units (SKUs): Meadow provides the added benefit of automating (SKUs). The software assists with creating a strong product naming convention consistent with Metrc's pre-set product profile categories, which allows packaged units to be micromanaged within the vendor's internal network while maintaining Metrc compatibility for all products and product categories.

Document Verification & Storage: Meadow's POS system allows for creation of unique client. The system requires the input of client information, including: (1) Scanned government identification; (2) Date of birth; (3) Identification expiration; and (4) Contact information. The database assigns client ID numbers for internal tracking and state sales reporting and saves this information in full member profiles so expiration dates and other information are easily accessible by staff. Data sets are backed up on an encrypted high-capacity hard drive with password protection and accessibility only for authorized management.

Receipts: Meadow includes customization of all printed materials, product labels, and receipts, enabling staff to comply with all local and state regulations related to labeling and packaging quickly and easily. Integrated hardware allows customers to choose a printed receipt and/or email receipt.

Returned Products: All returns are designated in Metrc as having been purchased from our retail storefront or delivery service. Product complaints are documented and sent to both the distributor and supplier of origin. No returned product may be resold. Returned products are documented in Meadow and Metrc. All returned product is properly destroyed in compliance with local, state and federal regulations and in alignment with internal waste management cannabis SOPs.

Manual Track and Trace Procedures: Meadow includes a built-in offline sales processing mode that enables continuous access to critical functions even when internet connection is unavailable. Once connectivity is restored, all transactions performed in offline mode are automatically synchronized with Metrc, the data is automatically backed up and reports and inventory records are adjusted accordingly.

Filing a Metrc Report: We submit daily reports with specified data from all commercial cannabis activity including every sale, receipt, return, and disposal of cannabis products by 11:59 p.m. of the day on which it occurred. All required data points are entered into Meadow and automatically updated in our Metrc account; all transactions are accounted for within 24 hours and any discrepancies are reported to the Department immediately (4 CCR § 15049(b)).

Delivery Records: Meadow and OnFleet offer a two-pronged solution to logistics and recordkeeping for deliveries. OTC uses OnFleet to maintain accurate and current records of the company's delivery employees to be made available to authorized personnel upon request (4 CCR § 15415(g)). OnFleet also includes a GPS Tracking system to ensure the targeted delivery location is a physical address falls within a jurisdiction that permits commercial cannabis activities. After the transaction, Delivery Drivers keep a signed copy of the delivery request receipt for OnFleet's records in accordance with State Law (4 CCR § 15420) and upload the receipt into Meadow as an attachment.

A.2.E.1. DIVERSION PREVENTION

One of our main priorities is to keep cannabis goods within the complaint supply chain and prevent the diversion of cannabis goods to minors and the illicit market. We incorporate various best practices developed by local, state and federal agencies into our SOPs for diversion prevention, and our Meadow POS plays an integral role in diversion



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prevention. Specifically, we have consulted the Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, American Society of Health System Pharmacists Guidelines on Preventing Diversion of Controlled Substances and various provisions within Title 21 of the Code of Federal Regulations (CFR) promulgated by the Drug Enforcement Administration's (DEA) Diversion Control Division.

It is the responsibility of any store employee that witnesses or suspects criminal activity to report this information to management. In the event of any discrepancy between the weight of cannabis dispensed, stored, and/or accounted for, members of management will immediately perform an internal audit to determine the source of the discrepancy by viewing videotape, reviewing store logs, and creating a missing inventory report using Meadow POS. If it is determined that the discrepancy is due to theft or diversion, the manager will immediately notify senior management. Management will cooperate with any law enforcement investigations or directives. Management will cordon off any area of the store that is critical to the investigation and preserve the area until investigators arrive. Below are some procedural and cultural initiatives we take using our inventory tracking and monitoring system to prevent diversion:

Meadow POS Profiles: Employee-specific Metrc and Meadow profiles are utilized to continuously monitor inventory levels for ongoing detection of theft/diversion. Since regular inventory and supply chain tracking is crucial to preventing diversion, a designated on-site manager manually performs inventory on a weekly basis to verify product count accuracy. The inventory log is completed and signed by a manager at the completion of inventory check.

Inventory Management & Control: Inventory discrepancies observed in Meadow POS are addressed immediately and resolved prior to incoming/outgoing product transactions; if not sufficiently resolved, discrepancies are reported to the City Manager and Bureau of Cannabis Control within 24-hours of discovery.

Recordkeeping: Records are kept for at least seven (7) years, in Meadow POS and Metrc databases and hard copy format, including each day's beginning inventory, acquisitions, sales, disbursements, disposals, transfers, and ending inventory, which are readily accessible. We can call upon records at a moment's notice if we suspect any customer or employee is engaged in activity that could lead to cannabis ending in the hands of consumers under the age of 21.

Auditing: Cash Registers at POS stations are never open unless a transaction is being processed. Cashier register totals are balanced at the end of the day and prior to shift changes. Any overages or shortages must be fully explained by cashiers. The overage and shortage dollar limits and the frequency of occurrences are documented with corrective action per site policy. All transaction corrections are approved by management and marked on the journal tape of the cash register. We perform periodic cash register audits randomly and unannounced. Management is responsible for shift and end-day reconciliation reports and shall immediately report any suspected diversion.

Personnel Management: Positions that provide access to accounting and financial records are subject to high-level background checks, covering credit history and encounters with local, state and federal law enforcement. Product and cash handling assignments involving high level Meadow data are given to established employees instead of new hires. Applicants with inconsistencies in resumes or interviews will be considered of expressing questionable character and will no longer be provided further consideration.

Checks and Balances: OTC utilizes a system of checks and balances with additional monitoring for employees in sensitive positions regarding access to cash and financial records. A buddy system involving at least two employees is required for such access. Personnel involved in two-person systems will be rotated periodically. Procedures that call for voiding sales and issuing customer refunds require approval by a supervisor or manager. Bookkeeping and accounting ledgers will be maintained by a team of employees instead of one and subject to unannounced audits.

Waste Management: Trash and recycling removal routines/responsibilities will be designed to eliminate theft via disposal and recycling systems. Such process includes disassembling and flattening all boxes, using clear garbage bags and securing dumpster location where employees have one-way entry/exit. See **A.2.F. Waste Management Plan** below for more details.



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Diversion Training: All Management is required to complete FEMA IS-200: Basic Incident Command System for Initial Response and FEMA IS-916: Theft & Diversion.

Additional Measures for Diversion Prevention: We maintain inventory control and product security as top priorities. All employees and contractors strictly adhere to OTC policies and procedures, or disciplinary/removal measures are taken in the event of an inventory-related violation. OTC implements the following policies and procedures to secure all product and ensure that none is lost or diverted to individuals who are not authorized to possess it: (1) Employees must be physically present in the Retail Floor at all times when there are patrons, visitors or other individuals who are not employees present with oversight from the General Manager; (2) During business hours, a minimum quantity of products is maintained in the Retail Floor in locked cabinets. and containers and only removed for short periods of time by sales personnel in order to show customers and to complete a sales transaction; (3) OTC staff only make one sample available to a given customer at a time. This helps staff monitor the products that have been removed for sampling purposes; (4) OTC staff takes orders from patrons and fulfills orders in a secure area behind the retail counter. This prevents excess product from being stored where patrons are allowed; (5) Cannabis good are never visible from the exterior of the building or from outside of delivery vehicles; (6)

(7) Employees who handle cannabis product and who are engaged in processing transactions must take responsibility for the product they are handling; and (8) Checks and balances security practices requires that no single employee be allowed unrestricted access to secure cannabis product storage areas or high value assets. Managers monitor and approve the access that employees have to areas where cannabis is stored.

Conducting a Diversion Investigation: We have developed rigorous protocols for investigating suspected or confirmed diversion. This involves tiered investigation and reporting responsibilities with input from Security Consultant, ArmorTech, and local law enforcement. This process can be conducted as a preventative measure to rule out diversion in the event of an inventory discrepancy or to confirm a diversion event carried out by an employee or patron. Below is an excerpt from our SOP for Investigating Diversion:

- 1) The General Manager works with the Security Consultant to record initial information about the situation, and propose scope and nature of the investigation, including information about inventory, accusations or allegations.
- 2) The General Manager and Security Consultant provide this information to the CEO, CCO and COO and set a time within 24 hours to strategize on investigation in a formal meeting.
- 3) OTC notifies the City Manager and the DCC as soon as possible within 24 hours of discovery in the event a reportable event (theft, diversion, losses, or other as required) is discovered. See Discovery of Diversion, Theft and/or Loss Notification SOP for this process.
- 4) All parties take immediate action to secure and protect, from destruction or interference, any relevant accounting, administrative, or security records.
- 5) If deemed necessary, OTC suspends an employee if there is evidence of misuse of resources or if the employee's continued presence may interfere with the investigation.
- 6) The CEO, CCO and COO review the initial report to determine who should be involved in the initial meeting mentioned in Step 1; this may include an external investigator and/or legal counsel.
- 7) OTC works with the Security Consultant, local law enforcement and/or legal counsel to record an Investigative Plan that includes the outline from Step 1, a proposed witness list, a requested evidence list (including surveillance), planned interview questions, and a process for retention of documentation. The investigator has the authority to interview employees, contractors, and other witnesses if necessary; to inspect facilities and records; and to request information the investigator deems relevant and necessary to the investigation.
- 8) The Security Consultant implements the Investigative Plan and provide updates to the CEO, CCO, CCO and other individuals as required at appropriate time intervals.
- 9) The Security Consultant prepares and reviews a draft report with the other members present during the initial meeting in Step 1. This report includes the scope and nature of the allegations, including dates and times, a record of how and when the incident came to the company's attention, parties involved, key factual and credibility findings (including sources), interviews conducted, evidence reviewed, employer policies/guidelines and



applicability to the investigation, conclusion reached, party or parties responsible for final determination, recommendations, and issues that could not be resolved and reasons for lack of resolution.

- 10) If the report is deemed sufficiently complete, OTC and the Security Consultant determines a course of action. This initial report is submitted to the City Manager and the DCC within 7 days of discovering the event.
- 11) OTC takes the actions determined in Step 10. Actions may include: disciplinary measures up to and including termination, training programs, modifications to the standard operating procedures, modification to the Security Plan or Security System, or other actions as appropriate.
- 12) OTC updates the report as necessary from Step 7. The final report must include actions taken and must clearly document a good-faith basis for any actions taken during or as a result of the investigation.
- 13) If this investigation is in response to a reportable event, OTC provides the final report to the City Manager and the DCC through the appropriate communications channel highlighted in Discovery of Theft, Diversion and/or Loss Notification SOP; This final report shall be submitted to the City Manager and the DCC within 30 days of discovering the discrepancy.

The Security Consultant follows up with oversight from the CEO, CCO and COO as appropriate. This may include reviewing surveillance to ensure new standard operating procedures are being implemented correctly, informing other employees of the outcome of the investigation, asking employees for feedback on the investigation or actions taken, or other follow-up as appropriate.

A.2.F. WASTE MANAGEMENT PLAN

Our management team has researched industry best practices to develop operations that would be compliant with even the most stringent waste standards for licensed cannabis businesses. OTC's non-Cannabis waste is gathered, stored, and disposed of in accordance with HMC in its entirety. Further, OTC adhere to Mandatory Commercial Recycling and Mandatory Commercial Organics Recycling for Organizations and Multi-Family Households recycling requirements. Recyclable materials include bottles/cans, paper/cardboard, scrap metal, electronics, toner/printer cartridges, and miscellaneous recyclables.

OTC's Waste Management Plan contains the following core principles and initiatives: (1) OTC is obtaining all required permits, licenses, or other clearances and complying with all orders, laws, regulations, or other requirements of other regulatory agencies, including, but not limited to, local health agencies, the Regional Water Quality Control Boards, air quality management districts or air pollution control districts, local land use authorities, and fire authorities; (2) The sale of cannabis waste is prohibited; (3)

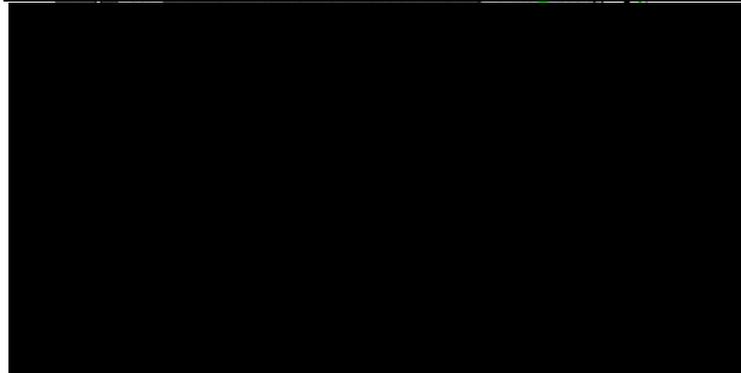
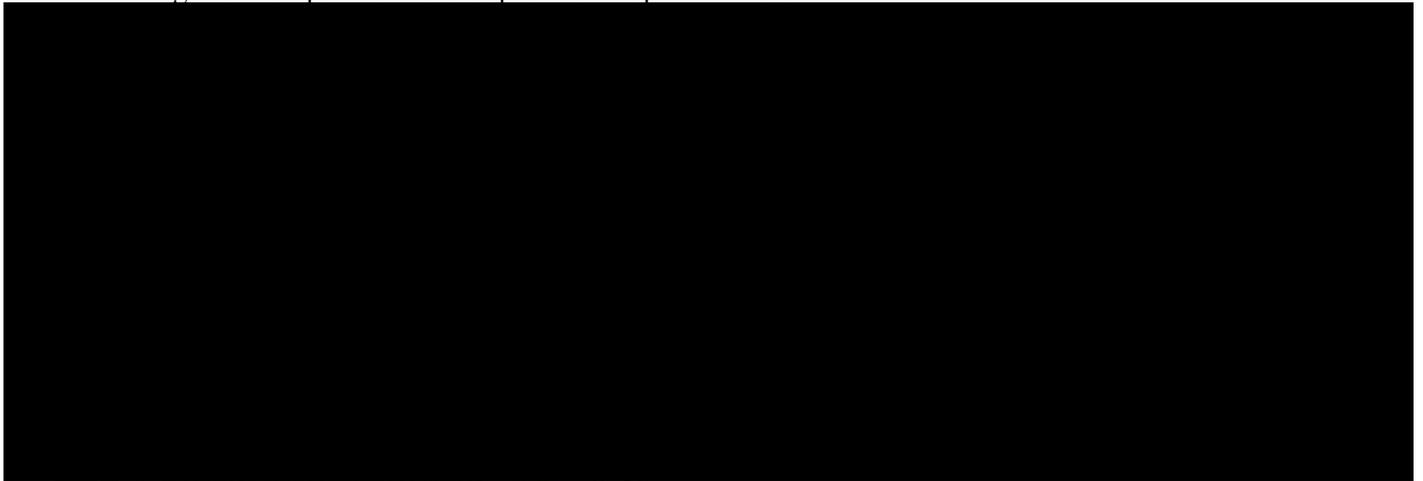
[REDACTED]; (4) Cannabis waste is primarily managed by Gaiaca Waste Revitalization (GWR), a California-licensed Processor (P); see below under *Waste Management Contractor – Gaiaca Waste Revitalization* for further detail; (5) GWR picks up cannabis waste in an approved receptacle, weighs cannabis waste, renders cannabis waste unusable and unrecognizable on camera, and sends OTC the footage for records; see the standard operating procedures (SOPs) below for further detail; and (6) OTC maintains accurate and comprehensive records at the premises regarding cannabis waste that accounts for, reconciles, and provides evidence of, all activity related to the generation and disposal or deposition of cannabis waste; (7) OTC will give primary importance to public safety, compliance as well as environmental impact; (8) OTC policy will assure that, in the process of disposal, cannabis is not available to unauthorized persons; (9) OTC will use a licensed disposal company or compliant procedures to dispose of cannabis; and (10) GWR synchronizes all waste inputs with Meadow POS to ensure all disposed products are tracked, documented and subtracted from overall inventory Meadow POS system. Meadow training is a requirement of all Healdsburg employees prior to participating in operational tasks as it is necessary to comprehend active and disposed of inventory weight(s) and amount(s), product reconciliation processes, and all other secure waste disposal aspects.

Waste Management Contractor - Gaiaca Waste Revitalization: OTC has investigated various waste management contractors to aid with the final step of product disposal, waste pick-up and disposal. OTC is contracting with Gaiaca



Waste Revitalization (GWR), a licensed waste management company, to carry out all external waste management procedure; this includes rendering, transporting and disposing. We have had an excellent experience working with GWR at our Southern California facilities and we look forward to continuing this vendor relationship in Healdsburg. Prior to weekly pickups, all cannabis waste will be stored on-site in a 55-gallon polyethylene drum secured in its own designated area of the Storage Room. GWR’s subscription service includes waste rendering, pickup and disposal services, allowing cannabis waste to be removed from the facility on a weekly basis. Their services also allow for us to schedule custom pickups online or through our regionally appointed service contact. GWR provide us with the aforementioned 55-gallon polyethylene drum for waste storage until pickup. We prevent the mixing of cannabis waste with traditional waste material at all cost to ensure compliance with GWR’s policies. Waste is removed from OTC’s facility within secured bins and replaced with fresh, empty drums. All waste is weighed on site, signed off by the General Manager, rendered unusable and unrecognizable onsite and transported to GWR’s waste management facility. GWR operations provide for tracked transportation for every step of the disposal procedure after the waste has left OTC’s facility. GWR reweighs all drums upon receipt at their facility to ensure no tampering occurred during transport after which the manifest is signed by a GWR intake officer and the transporter. OTC receives a copy of this transportation manifest for our records. GWR is committed to taking all non-hazardous cannabis waste to composting facilities where it will be further composted and eventually utilized as a usable topsoil for landscaping or donated for research purposes. Cannabis waste is always handled in compliance with 4 CCR § 17223, which requires that secured waste storage is separate from cannabis product storage and traditional waste storage, waste be rendered unusable prior to disposal, and that waste is tracked per 4 CCR § 15049(b)(5).

Waste Storage and Disposal Locations: Please refer to the diagrams below that shows a visual depiction of waste storage and the process of transport and disposal with GWR:

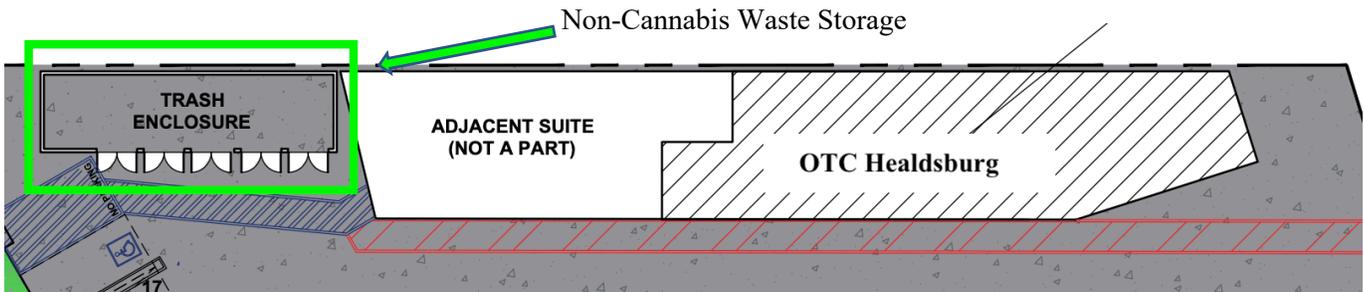


WASTE TRANSPORT PROCESS

- 1) Confirmed transfer to GWR through Shipping Manifest
- 2) Path of Travel to GWR transport vehicle
- 3) Loading into GWR transport vehicle for transport and offsite rendering and disposal



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Security Measures: Security is of utmost concern in the disposal process. Our green waste disposal processes and procedures are visually audited implementing both an on-site managing inspector and recorded surveillance video footage. All employees are educated and trained to understand that trash receptacles are common staging areas for cannabis and manufactured cannabis products diversion. OTC will always use opaque waste bags to discourage product diversion. OTC also creates and maintain a written log to record all destruction and disposal activities. The log includes, at a minimum, the date of destruction, type and quantity of the product disposed of, the manner of disposal, and the persons present during the disposal, with their signatures. Under no circumstances is cannabis waste disposed of in a waste receptacle not in control and possession of OTC. Public access to the designated receptacle or area shall be strictly prohibited. OTC waste containers are kept in a locked enclosure until the scheduled pick-up day and never put out overnight to prevent theft and diversion of cannabis waste or encourage scavenging behavior. Security Personnel closely monitor waste bins that are waiting disposal by the City’s waste management company to ensure no persons tamper with the bins.

Methods of Rendering Unusable and Unrecognizable: Cannabis waste is rendered unusable and unrecognizable through the following methods: Grinding and incorporating the cannabis waste with non-consumables, solid wastes listed below such that the resulting mixture is at least 50% non-cannabis waste; paper waste; plastic waste; cardboard waste; food waste; grease or other compostable oil waste; bokashi or other compost activators; soil; other wastes approved by the Department of Cannabis Control (DCC) that will render cannabis and cannabis product waste unusable and unrecognizable. GWR is responsible for rendering prior to removing the cannabis waste from the facility. We maintain accurate and comprehensive records at the premises regarding cannabis waste that accounts for, reconciles, and provides evidence of, all activity related to generation and disposal or deposition of cannabis waste. All Cannabis waste is made unusable and unrecognizable prior to leaving the premises.

Non-Cannabis Waste: We always practice the Three R’s of Sustainability: Reduce, Reuse, Recycle. Separate recycling containers are placed throughout the facility for both employees and patrons and ensure regular pickups are conducted with ease. Electronic waste is collected and brought to appropriate outlets. We emphasize sustainability internally, but part of being compatible with the neighborhood involves encouraging residents of Healdsburg to be stewards of the environment too. In an effort to promote recycling community-wide, we offer discounts to clients who bring packaging from previous visits back for reuse so long as such a program is permitted by local law. Such a program encourages our patrons to play an active role in reducing waste across the board in the cannabis industry as well as minimizing the packaging waste that we must account for. OTC’s recordkeeping system incorporates the goal of eliminating paper records in the scope of compliance whenever possible to reduce our overall waste contribution.

SB 1383 Compliance: OTC maintains compliance with the California Senate Bill (SB) 1383 throughout all waste management operations. SB 1383 is a statewide effort to reduce emissions of short-lived climate pollutants by reducing organic waste disposal to 50% by 2020 and 75% by 2025. Organic waste in landfills emits 20% of the state’s methane, a climate super pollutant 84 times more potent than carbon dioxide. By collectively managing organic waste throughout all business activities, OTC vows to become an active contributor in the fight against climate change.

Organic Waste Designations: Organic waste designated for disposal by OTC under SB 1383 includes primarily cannabis waste but may also include: food waste such as fruit, vegetable scraps, bones, eggshells and leftover



prepared foods; yard waste such as leaves, branches, grass, whole plants and other byproducts of our landscaping maintenance; and food-soiled paper such as napkins, applicable to-go boxes, tea bags, paper plates and coffee filters.

Organic Waste Prohibitions: Waste items that are prohibited for disposal in the organic waste container at OTC facilities are designated for recycling or disposal in their own respective waste receptacles include: (1) Glass; (2) Cans or metal; (3) Plastic; (4) Plastic bags; (5) Plastic packaging (recycled in separate containers when applicable); Pet waste; and (6) Anything else not considered organic waste.

Specific Policies: Waste is disposed of utilizing standardized processes to minimize development of odor and reduce the potential for the waste contents becoming an attractant, harborage, or breeding location for pests. Both the front and back-end areas of the facility will include designated receptacles and areas for regular trash and green waste that is easily identified and readily available. Employees will wear Personal Protective Equipment (work suits, gloves, facemasks, safety goggles) while securely disposing/destroying cannabis and/or cannabis manufactured products. All green waste receptacles are clearly identified. All relevant employees will receive thorough training in the standard operating procedures for secure and safe disposal of cannabis and cannabis product waste.

Cannabis Packaging Recycling Program: Cannabis packaging can significantly contribute to waste generation when commercial cannabis businesses begin operations in a given community. If the end user does not dispose of used cannabis packaging properly, it can end up being disposed of and integrated into waste streams where it does not belong. Cannabis packaging that contains significant amounts of plastic and non-compostable waste can end up in landfills and have a negative impact on the environment. OTC has developed and is implementing a packaging recycling program to mitigate this potential issue for the City of Healdsburg and act as environmental stewards in the process. The packaging recycling program will allow customers to return used packaging that does not contain cannabis back to OTC, OTC will return the used packaging to the licensed distributor for reuse. OTC will look to conduct business with as many distributors who accept packaging reuse and returns as possible so that bulky, non-biodegradable cannabis packaging does not end up disposed of.

A.2.G. ADDITIONAL DAILY OPERATIONS: PROPOSED PRODUCT LINE

OTC is proud of our ability to offer clients the highest quality cannabis and cannabis-infused products at the lowest prices. We offer products from 200+ brands that have maintained compliance in the last five years in a legalized framework. Our lack of corporate interest and investor obligations allows us to offer the best products at affordable prices. Product line decisions are driven by concrete data and our collective experience in sales and retail operations. We rely heavily on Headset, which uses state of the art data technology to provide a strategic outlook on retail operations and sales performance. Headset collects data on components of all our transactions as well as demographic and behavioral information from customers, removes all store level attributes from our sales data and collects an anonymous sample from our sales data to be incorporated into their forecasting algorithm. Headset then uses this information to return estimates of daily, statewide sales data so we can understand the aggregated marketplace for the various cannabis goods we sell and see where our performance fits into the overall market. Headset allows us to leverage “just-in-time” product deliveries and maximize retail and secure storage space, while minimizing risk of on-site inventory levels. It also enhances the performance and information we receive from Meadow so we can gain a better understanding of customer purchasing trends, performance of certain cannabis goods on our menu and gain more actionable insights from our POS reports. With Headset we not only manage our inventory, we assign value to all components of our product line and increase our knowledge of what products perform the best in our local markets.

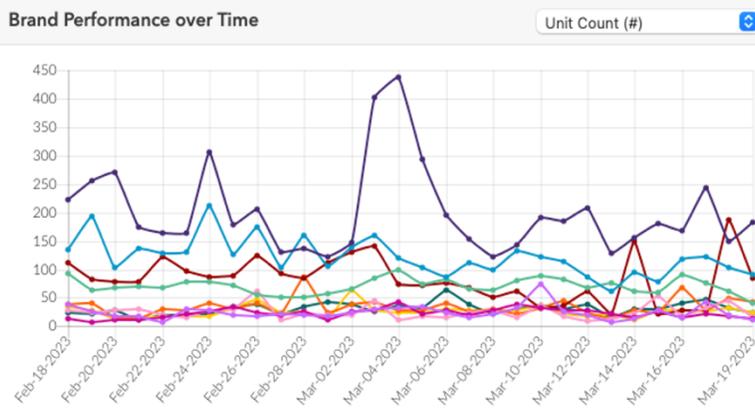
Product Line Assumptions: OTC has used data derived from Headset Insights and Meadow POS Software to come up with its estimated sales percentages for our Healdsburg location. ***Overall, flower, including pre-rolls, still accounts for nearly half of all sales and we project it will account for roughly 40% of our sales in Healdsburg. Manufactured products will account for the other 60% of product sales.*** New edibles and concentrate products continue to drive increasing sales of non-flower cannabis products, but overall, our internal data and industry projections seem to agree that flower will continue to account for the largest percentage of sales for a singular product, with the varying manufactured products categories continuing to vie for increased market shares amongst consumer



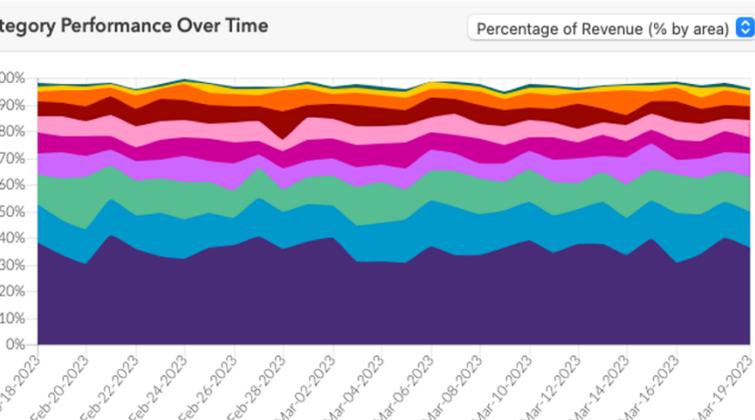
OFF THE CHAIRS

who prefer non-flower cannabis derivative products. The Meadow charts and graphs below depict some sales trends observed at our Sherman Oaks stores that have helped us develop these projections:

| # | Brand | Revenue (%) | Cost | Margin | Graph |
|----|------------------------|-------------------------|-------------|--------|-------|
| 1 | Jeeter | 11.7% (\$116,641.42) | \$82,026.42 | 29.6% | |
| 2 | Stiiizy | 8.1% (\$80,633.83) | \$44,806.87 | 44.4% | |
| 3 | Plug N Play | 6.6% (\$65,499.30) | \$43,093.80 | 34.2% | |
| 4 | Alien Labs | 4.1% (\$41,236.32) | \$20,690.37 | 49.8% | |
| 5 | 710 Labs | 3.6% (\$35,876.34) | \$20,886.33 | 41.7% | |
| 6 | Connected Cannabis Co. | 3.5% (\$35,406.77) | \$19,363.05 | 45.3% | |
| 7 | Eighth Brother | 3.2% (\$31,996.11) | \$14,237.52 | 55.5% | |
| 8 | West Coast Cure | 3% (\$30,354.37) | \$14,257.67 | 53% | |
| 9 | Cannabiotix | 2.4% (\$23,938.35) | \$13,184.10 | 44.9% | |
| 10 | Raw Garden | 2% (\$20,306.10) | \$9,710.78 | 52.1% | |



| # | Category | Revenue (%) | Cost | Margin | Graph |
|----|------------------|----------------------|-------------|--------|-------|
| 1 | Flower | 35.1% (\$348,347.65) | \$179,746 | 48.4% | |
| 2 | Vape Cartridges | 14.2% (\$140,846.51) | \$75,512.16 | 46.3% | |
| 3 | Preroll Packs | 12.5% (\$124,057.25) | \$80,448.47 | 35.1% | |
| 4 | Prerolls | 7.6% (\$75,565.30) | \$37,579.74 | 50.2% | |
| 5 | Edibles | 7% (\$69,574.32) | \$34,584.33 | 50.2% | |
| 6 | Pods | 6.4% (\$64,013.56) | \$37,482.45 | 41.4% | |
| 7 | Concentrates | 6.2% (\$61,980.91) | \$30,411.15 | 50.9% | |
| 8 | Disposable Carts | 4.9% (\$48,684.41) | \$24,115.63 | 50.4% | |
| 9 | Accessories | 1.9% (\$19,095.06) | \$7,656.34 | 59.9% | |
| 10 | Beverages | 0.8% (\$8,307.14) | \$3,848.84 | 53.6% | |



In addition to data-driven product line decisions, our Inventory Manager is responsible for researching all our nearby competitors to ensure that we provide the most favorable prices to our customers. Further, our managers perform 5-10 hours of market research each week through various industry trade magazines, blogs, and market reports to make sure our product selection includes not only well-known industry brands, but emerging craft producers that emphasize quality and sustainability. All our product offerings are featured on our website, which provides consumers with the opportunity to provide reviews and comments, and we constantly monitor this correspondence to better understand consumer preferences in different markets.

Product Line Composition: Different strains and cannabis derived products provide a broad spectrum of effects and benefits ranging from pain relief to appetite stimulus, stress relief, and metabolic functioning. OTC offers an inclusive variety of cannabis and derivative products that provide relief to targeted ailments and will keep up to date with ongoing research by industry professionals to further refine product offerings to incorporate newly discovered benefits of cannabis use. Product offerings will be accompanied with educational materials and member support emails that discuss different types of cannabis and derivative products available as well as the different means for ingesting cannabis and recommended dosages. OTC’s website will also provide information pages for all products sold at the Healdsburg location. The following is a list of product types, subcategories, as well as the suppliers that we intend on using at OTC:

Flower: Traditionally, flower comes in three main varieties: (1) Indica, (2) Sativa, and (3) Hybrid. These classifications have recently received criticism since the discovery of lesser-known compounds, such as terpenes and other cannabinoids, that better explain the effects of cannabis strains. OTC’s training educates employees on 10-12 common terpenes as well as 8 different cannabinoids found in cannabis and their individual and synergistic effects



OFF THE CHAIRS

so we can better assist our clientele with product selection. Flowers are typically consumed by smoking or vaporization. OTC offers pre-rolls, which are pre-rolled joints of packaged flower rolled into smoking papers, novelty leaves or cellulose. Pre-rolls are convenient for consumption and allow users to enjoy flower without pipes or vaporizers. All flower varieties will be sold in the following increments: (a) grams; (b) 1/8 oz.; (c) 1/4 oz.; (d) 1/2 oz.; and (e) 1 oz. and are described in detail below:

- **Indica:** Indica provides relaxing, sedative effects. Indica compounds relieve pain, muscle tension, insomnia, anxiety, lack of appetite, ease spasms and reduce inflammation.
- **Sativa:** Known for treating depression, fatigue, and promoting creativity and sociability. Can mitigate effects of glaucoma and certain nerve conditions; effects vary across users. May aggravate anxiety and fibromyalgia.
- **Hybrid:** This term refers to in-between options, which lie between the energetic, stimulating Sativa and the relaxing, sedative Indica sides of the cannabis spectrum.

Terpenes: These compounds are primarily antioxidants that give cannabis flower their sensory characteristics i.e., taste and smell. Terpenes work together with cannabinoids to penetrate our endocannabinoid receptors most effectively, which is a phenomenon known as the Entourage Effect.



Flower Brands: Pacific Stone; FloraCal Farms; Blem; STIIIZY; Ember Valley; The Cure Company; NUG; Lolo; Claybourne Co.; Glass House Farms; Kush Company; Cannabiotix; WonderBrett; Autumn Brands; Connected Cannabis Co.; Alien Labs; Old Pal; Jeeter; West Coast Cure; Maven; Malibu Gold; etc.

Concentrates: Concentrates are products that refine flowers into something cleaner and more potent. These include hash, dry sift, as well as hash oils and indicates these products are a concentrated form of cannabis, carrying much higher potency. Extracts will be sold by the gram, 1/2 gram or milligram. Dosing warning/advisement will be provided for concentrates. Types of concentrates are described as follows:

- **Vaporizer Cartridges:** A small, portable pre-filled concentrate cartridge for use with a vape pen or as a disposable.
- **CBD Crystalline:** Non-psychoactive cannabinoid ingested/smoked to create a calming effect with no cognitive impairment.
- **Live Resin:** Extract from fresh-frozen plants that preserve unique aroma/taste, versus dried plant used in other extracts.
- **Sugar/Sauce:** THCA crystallization mixed with cannabis terpenes, which forms an extract with sugary texture and sap-like consistency. High potency and strain-specificity with terpene-rich profiles make these a favorite amongst consumers.
- **Hash/Bubble Hash:** A potent powder, rock, or taffy like substance with trichomes containing high levels of cannabinoids. Hash oil is a comparable product created through a solvent-based chemical process.
- **Dry Sift:** Results of separating trichomes from cannabis. Kief holds high amounts of cannabinoids, making it a potent extract.
- **Rosin:** Solventless concentrate made by pressing flower or other material containing trichome/resin stalks at specific temperature and pressure. Contains full spectrum of compounds from original plant and doesn't involve toxic solvents.



Concentrate Brands: STIIIZY; Raw Garden; West Coast Cure; Wonderbrett; Dripp Extracts; URSA Extracts; Claybourne Co.; Rove; HUSH; Alien Labs; BEAR Labs; NASHA; Friendly Farms; 710 Labs; Buddies Brand; Off the Charts; Cresco Labs; Fatso; Honey Butter Rosin Co.; etc.

Edibles: Edibles consumed orally enter the blood stream after being broken down in the stomach. These are created by infusing butter or oils with heat to create a decarboxylated medicated meal or treat. Most edibles on the market come in individual packages of 10 pieces with doses ranging between 0-10mg of THC/piece. The list below describes the different types of edibles available in the market:

- **Treats:** Cookies/Candies/Gummies/Chocolates- Consumables comprised of cannabis-infused butters and oils with differing cannabinoid concentrations. Edibles have delayed effects and must be taken cautiously with attention to dosage.
- **Beverages:** Tea, Soda, Juice- Like edibles, beverages are infused with cannabinoids but in liquid form. Beverages provide users with a consumption option with similar release timelines and effects as other edibles.
- **Sublinguals:** Sprays/Strips- Direct sublingual application involves placing decarboxylated cannabis under the tongue, allowing cannabinoids to immediately enter the bloodstream through.
- **Tinctures:** Concentrated liquid form of cannabis, typically made from glycerin or alcohol. Typically distributed sublingually via a medicine dropper for fast absorption. Similar effects as edibles; users feel results in less time than consuming edibles.
- **Gelcaps (THC/CBD):** Made with extracted cannabis oil combined with another oil such as grapeseed or coconut oil. Capsules come in differing concentrations and are synthesized to concentrate select cannabinoids such as CBD, THC, CBN.



Edibles Brands: Heavy Hitters; PLUS Products; Procana; Cannavis; ABX; Buddies Brand; Kiva Confections; LEVEL; Flav; Kanha; Smokiez Edibles; WYLD; Proof; Papa & Barkley; TONIK; KEEF Brands; Emerald Sky; CANN Social Tonic; Kushy Punch; Kaneh; Venice Cookie Company; etc.

Topicals: A topical is any type of cannabis product, including lotions, balms or creams that are applied to the outside of a user's body to help with medicinal issues like body pain, skin problems, etc.

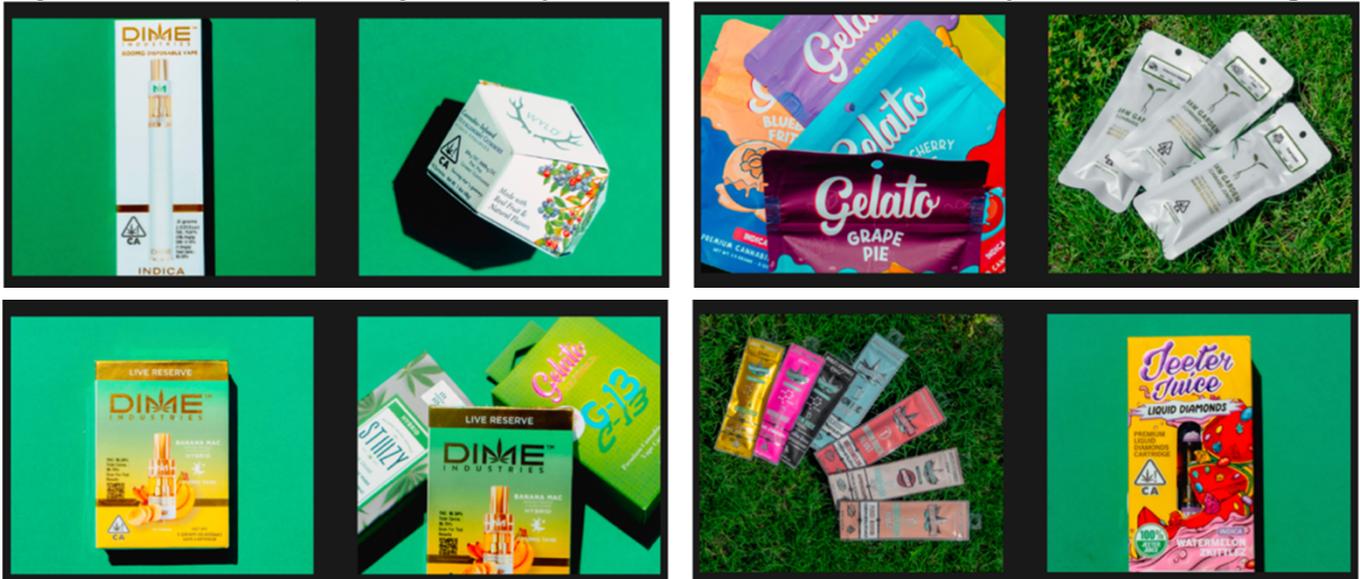
- **Balms/Cremes/Lotions:** help to relax inflammation and relieve pain in areas where applied. They are great for muscular or joint pain, arthritis, sciatica, or targeting external pain *without psychoactive effect*.
- **Oils:** Cannabinoids in oils interact with receptors in the peripheral nervous system to promote system relaxation and relief of chronic pain issues making for beneficial use in massages and other applications.
- **Transdermal Patches:** Transdermal cannabis patches are adhered to venous areas of the body and allow cannabinoids to work by entering the bloodstream for an effective and long-lasting response.



- **Soaks:** Cannabis bath soaks combine various herbs and aromatics with the healing benefits of CBD and THC. Soaks have similar properties as other topicals and do not produce any psychotropic effects.



Topical Brands: Kush Queen; Papa & Barkley; Yummi Karma; Proof; Dr. Raw; Mary’s Medicinals; Cannarignals



OTC Branded Products: OTC’s proposed product line also features a variety of our own branded products that have been white labeled by some of our most trusted industry partners. OTC-branded products account for roughly 15% of our overall sales between all locations and we have developed many sales strategies to both promote the brand and ensure consistency of purchasing trends. We offer a diverse strain profile of flower in increments of 3.5 grams (1/8 oz) or 1 oz and various forms of concentrate in one-gram packages; this includes badder, crumble, diamonds and sauce. We have partnered with Fox Marketing for our packaging and labeling design, and Chief Compliance Officer (CCO) Sean Maddocks helps us remain compliant with all packaging and labeling laws and keep us up to date on any changes in these regulations. We have achieved a certain level of brand loyalty for our in-house products through our existing stores in Southern California, but we are excited to bring our in-house branded products in Healdsburg and introduce our new clients to a heightened level of quality they have not yet seen.

Product Procurement — Social Equity: Our product procurement policy for cannabis goods is to work with cultivators, manufacturers, and distributors that have equity ownership or incorporate a commitment to social equity through their individual hiring practices, community benefit initiatives and overall core values as an organization. We allocate a percentage of SKU’s offered at our store that are produced by social equity operators and adhere to this minimum percentage through all product procurement strategies. Through our work in Los Angeles, we developed a network of social equity operators that can supply us with products on a regular basis. Such brands include but are not limited to: (1) Gorilla Rx (2) The Farmer and The Felon; (3) Cannabis On Fire; (4) DIOS (Doing It Ourselves); (5) Emerald Sky; (6) Gift of Doja; (7) KGB Reserve; (8) LOBO; (9) Peakz; (10) Sanctuary Farms; (11) SF Roots; and (12) Good Smoke Co. We continue to look for additional social equity brands to carry at our store over time and evaluate their sales performance using data from Meadow and Headset to potentially increase the minimum percentage of social equity cannabis goods over time. We also have sales representatives from these social equity



brands come to the store to discuss their commitment to social equity and what steps the company is taking to meet these goals. These training sessions are imperative for our staff to understand the importance of social equity and how this concept fits into our overall framework.



Distributor Network: Below is a list of contacts we have developed with licensed distributors to source all the products mentioned above:



| SUPPLIER RELATIONSHIPS | |
|----------------------------------|----------------------------------|
| DISTRIBUTOR | CONTACT |
| MAMMOTH | KANDICE@MAMMOTH.ORG |
| HERBL DISTRIBUTION | TGGLIOTTI@HERBL.COM |
| KIVA CONFECTIONS | MEGAN@KIVACONFECTIONS.COM |
| CONTINUUM | CHRISTINA.BULLARD@CRESCOLABS.COM |
| PURPLE STAR MD | EDWARDSCHWARTZ3@GMAIL.COM |
| CALIFORNIA STATE DISTRIBUTION | SARAH@NWCNFECTIONS.COM |
| XTRACTA | ORDERS@XTRACTADISTRO.COM |
| CANN DISTRIBUTOR INC. | JOE@CANNADT.COM |
| EVENT HORIZONS TECHNOLOGIES | MALLORY@FLOWKANA.COM |
| FIRECUT | CHRISTIAN@FIRECUTLLC.COM |
| GREEN DAGON | DRUBIN@GREENDRAGONDISTRO.COM |
| GRIZZY PEAK FARMS | JR@GRIZZLYPEAKFARMS.COM |
| LEGION OF BLOOM | MATT@THELEGIONOFBLOOM.COM |
| BMPK INC. | JT@KINDCOUNTYFARMS.COM |
| CANNA-RISE | CARLOS@CANNA-RISE.COM |
| LITTLE COTTAGE CAREGIVERS LLC | CAVIARGOLDNORCAL@GMAIL.COM |
| GANJA GOLD | BALFREY@GANJAGOLD.COM |
| SUBLIME MANUFACTURING | ANTHONY@SUBLIMECANNA.COM |
| PM OAK LLC | MEAGHAN@PAPAANDBARKLEY.COM |
| JBTB | THOMAS.UNGERECHT@SHRYNEGROU.COM |
| CALIFORNIA LOYAL, INC | GRANT@BLOOM.FARM |
| CRÈME DE CANNA | CATHERINE@CREMEDECANNA.COM |
| BOUTIQUE UNLIMITED | SHEGARTY@BUDISTRO.COM |
| CAPITOL COCOA, INC. | KELLY@SOLDISTRO.COM |
| EMERALD FAMILY FARM DISTRIBUTION | CARRIE@EMERALDFAMILYFARMS.COM |
| FUTURE2 LABORATORIES | JON@FUTURE2LABS.COM |
| INDUSTRIAL COURT | MALEXANDER@FALCONBRANDS.COM |
| KOROVA | JOAQUINR74@GMAIL.COM |
| LBS DISTRIBUTION | AARONV@LBSDISTRIBUTION.COM |
| LOWELL | PAUL@THEHACIENDA.COM |
| MAVEN PRODUCTIONS | AMBER@MAVENMVN.COM |
| NABIS | SID BECKER (925.389.0785) |
| OZ DISTRIBUTION | ROSIE.YAMAT@GMAIL.COM |
| PACIFIC ORGANIC WELLNESS | BRENDANRUH@GMAIL.COM |
| RIVER DISTRIBUTION | PATRICK@ALTA.COM |
| SONOMA PACIFIC DISTRIBUTION | DANIEL@SONOMAPAC.COM |





A.2.H. ADDITIONAL DAILY OPERATIONS: SALES AND MARKETING

While OTC is heavily focused on social equity and executing all of the initiatives in our Community Improvement Plan, we still need to ensure that we are driving revenue and remaining profitable in order to make those aspects of our organization a consistent reality. One of the primary ways we ensure profitability is through a nuanced Sales and Marketing Plan that provides favorable sales outcomes and ultimately profitability. Our Sales and Marketing Plan focuses on developing client loyalty over time by providing client retention strategies for reaching out to our current client-base through a variety of media that helps customers stay informed and also drives new traffic to our stores. We have been able to rise to prominence throughout California through a combination of the following sales and marketing strategies: (1) Creating competitive pricing models that include rotating discounts and other discount options; (2) Educating and training staff so they are able to discuss product options and educate our clients; (3) Designing our store’s exterior and interior in alignment with both our brand and local design standards; (4) Focusing on visual aspects of marketing through the use of high-quality photos on all media channels; (5) Ensuring social media uniformity and brand cohesiveness across multiple platforms; and (6) Employing use of technology such as Headset Insights to inform our product-focused sales and marketing decisions.

We are constantly evaluating our Sales and Marketing Plan over time to ensure we are staying current with new trends and platforms available in the space. Our Marketing Coordinator is tasked with developing new strategies, auditing the existing marketing initiatives for effectiveness and measuring return on investment to ensure that our targeted efforts are working. We are confident that our sales and marketing strategies will translate perfectly into Healdsburg as they have proven to be effective in our San Francisco and Sacramento facilities.

A.2.H.1. SALES AND MARKETING: PRICING

OTC’s sales strategies have been developed through analyzing the pricing trends, wholesale costs and retail costs of cannabis in various jurisdictions throughout California with similar populations, demographic make-up and socioeconomic statistics. We have developed a thorough understanding of how products should be priced when there are constant variations in wholesale and retail costs, which are typically representative of the markets supply and demand based on an analysis of these metrics at all of OTC’s locations. Fluctuations in wholesale and retail cannabis prices are largely representative of supply and demand of the products and services being offered. The tiered implementation of testing and labeling regulations in 2018 led to an inadequate supply of compliant products, which was reflected in the high wholesale costs for operators and the astronomical retail prices consumers experienced at dispensaries. Now there is a massive supply glut due to vast overcommitments of licensed cultivation acreage by certain jurisdictions, and wholesale prices are plummeting. Regardless of these factors, OTC is uniquely positioned to offer the best products at the lowest prices due to the following factors:

- 1) OTC is a family-owned business that is free of investor expectations, which allows us more flexibility in terms of our pricing model;
- 2) OTC has extremely low acquisition costs based on the ability to get products on terms from our distributor partners, allowing us to pass the savings onto the consumer;
- 3) OTC has formed longstanding partnerships with various operators and our good standing with these operators combined with our high retail throughput builds trust in both our process and our execution;
- 4) OTC offers a variety of discounts including price breaks for first time clients, veterans, the elderly and other client categories; and
- 5) OTC’s robust consumer education program helps our clients stay informed so new-to-market, rare or obscure products are still selling to ensure limited stagnation in inventory levels.

Tiered Pricing: We have organized various product categories within our overall product line and priced these items accordingly. For example, sungrown flower tends to have a lower wholesale price point than indoor flower, which is reflected in our model for flower. See below for a table that depicts a simplified outline of our tiered pricing:

| FLOWER | GRAM | EIGHTH | QUARTER | HALF OZ | OZ |
|-------------|---------|---------|---------|-----------|-----------|
| Low Quality | \$12-14 | \$35-40 | \$65-75 | \$120-140 | \$230-270 |



| | | | | | |
|-------------------------|---------|---------|----------|-----------|-----------|
| Medium Grade | \$15-18 | \$45-55 | \$90-100 | \$175-190 | \$340-350 |
| Top Shelf | \$19 | \$60 | \$110 | \$200 | \$390 |
| OTC-Brand Flower | \$22 | \$65-70 | \$120 | \$220 | \$350 |

| CONCENTRATES | 0.5G | 1G | 2.2G |
|---------------------|-------------|-----------|-------------|
| Cartridge | \$25-50 | \$45-100 | \$130 |
| Live Resin | \$35-50 | \$55-70 | \$120 |
| Rosin | \$30-45 | \$55-70 | N/A |

| CONSUMABLES | <50MG | 100MG | 150-300MG | 1000MG |
|--------------------|-----------------|--------------|------------------|---------------|
| Edibles | \$12-20 | \$15-25 | \$55-\$60 | \$30-80 |
| Drinks | \$6-25 | \$10-\$25 | -- | -- |

| OTHER MFG PRODUCTS | 50MG | 100MG | 150-300MG | 1000MG+ |
|---------------------------|-------------|--------------|------------------|----------------|
| Capsules | \$20 | \$16-28 | \$35-\$80 | \$45-\$100 |
| Tinctures | -- | -- | -- | \$30 |
| Topical | \$15 | \$30 | \$40 | \$90 |
| Transdermal Patch | \$10-12 | \$15-20 | \$35 | -- |

A.2.H.2. SALES AND MARKETING: SALES STRATEGIES

We incorporate a holistic approach and a wide variety of sales tactics to increase both revenue and consumer loyalty. Below are some of the ways in which we engage customers to drive sales, analyze the market to ensure our product line meets local and statewide demand trends, and create a steady volume of daily transactions to ultimately increase performance outcomes.

Technologically-Driven Sales Analysis— Headset Insights: Product line decisions are driven by concrete data and our collective experience in sales and retail operations. We rely heavily on Headset, which uses state-of-the-art data technology to provide a strategic outlook on retail operations and sales performance. Headset collects all transaction data as well as demographic and behavioral information from customers, removes all store level attributes from our sales data and collects an anonymous sample from our sales data to incorporate into their forecasting algorithm. Headset uses this information to return estimates of daily, statewide sales data so we can understand the aggregated marketplace for the various cannabis goods we sell and see where our performance fits into the overall market. Headset allows us to leverage “just-in-time” product deliveries and maximize retail and secure storage space, while minimizing risk of excessive on-site inventory levels. It also enhances the performance and information we receive from our Meadow Point of Sale (POS) system so we can gain a better understanding of customer purchasing trends, performance of certain cannabis goods on our menu and gain more actionable insights from our POS reports. With Headset, we not only manage our inventory, we assign value to all components of our product line and increase our knowledge of what products perform the best in our local markets.

Online Order Placement: We offer the convenience of online ordering to assist our consumers who are on tight schedules and need access to our product line quickly. Dutchie’s online ordering platform links to our website and allows customers to place orders, submit payments and pick their orders up in person. Customers are required to upload their identification for age verification purposes the first time they use Dutchie so they have a profile created in our internal system, and Verification Specialists validate their identification in person when they come to pick up their order. A specific POS terminal is allocated to processing online orders and customer pick-ups, but in times of high traffic, all POS terminals can link to Dutchie to process and pack online orders. Offering customers the ease of online ordering with Dutchie allows us to nearly double our sales volume in a given day due to the simultaneous in-person and online purchases being made. We can also allocate various employees to process online orders in times



of high traffic to reduce labor costs, including Cannabis Specialists, Verification Specialists and Delivery Drivers if there are no delivery orders to be sent out at the time. Online ordering significantly helps drive revenue by increasing sales volume without additional labor costs, and it has proven to be an effective sales strategy at all of our locations.

Consumer Education: OTC's superior consumer education program offers services to aid and support our customers and their cannabis health and wellness goals to further drive sales and product loyalty. These ancillary services focus on health education issues, including the proper and appropriate use of cannabis in recognized safe usage practices for Adult Use and Medical clients, delivery methods, drug interactions, side effects of certain products and strains and much more. We engage with our vendors in various formats to learn more about the products so we can relay that information, such as a tour of a cultivation facility to learn more about the growing process or observation of a manufacturing partner's SOP execution to see how a concentrate is made. We also educate our clients on social equity in the cannabis industry and how their purchase decisions may positively support out equity partners and influence equity outcomes for our store. Education is a key component of driving sales as our clients may not know about a certain product that could offer them maximum relief while also boosting sales totals for the day and securing transaction regularity in the future.

Product Line Diversity: OTC provides a wide variety of the highest quality cannabis and derivative products. Different strains and products provide a broad spectrum of effects and benefits ranging from pain relief to appetite stimulus, to stress relief, and even to metabolic functioning. OTC offers cannabis products that include proprietary health and wellness blends, which consist of differing ratios of cannabinoids and terpenes that offer targeted symptomatic relief. We are constantly on the cutting edge in terms of new product offerings and delivery methods, and our extensive network of distributors and sales representatives help us stay up to date on the newest releases, cultivars, strains, etc. It is the responsibility of managers Cannabis Specialists to keep up to date with ongoing research by industry professionals in order to further refine product offerings that incorporate newly discovered benefits of cannabis use. OTC makes a concerted effort to source new and innovative strains that have been developed for medical purposes, such as strains bred for increased THC or CBD concentrations or slow-release capsules to aid in sleep or appetite restoration. OTC also maintains a certain percentage of products that are developed by equity operators throughout California, and our procurement and promotion of these products is a consistent emphasis throughout our sales strategies.

Ensuring Customer Satisfaction: We are applying 15+ years of collective experience in commercial cannabis retail to provide best-in-class customer service to our clientele. Sometimes this involved deescalating difficult situations and mitigating a customer's dissatisfaction with a product or some other aspect of our overall experience. Not every client will be immediately satisfied, and some customers may even show resistance to the various ways in which we look to improve their experience at our store. We prepare our staff to work with our clientele, hear their concerns, empathize with them and offer concrete solutions that make both parties happy, which overall preserves and can even increase sales volume based on these positive outcomes. We emphasize the concept of active listening, which is the practice of consciously assimilating what the other party has to say instead of standing silently and motionless in front of them. This helps make a good impression and allows our customer-facing staff to absorb what the customer is saying in order to solve a problem most effectively. Allowing our clients to fully verbalize their complaint or frustration is valuable, as many issues arise or escalate because the client did not feel heard. Active listening also entails listening with the whole body, using physical cues such as nodding along to make the customer feel even more heard. Dissatisfied customers are one of the most challenging parts of running a business but are, unfortunately, a consistent reality in all retail environments. However, it is possible to garner positive outcomes from these situations and how we respond to them can boost future sales and our reputation in the community. With empathetic, active listening-oriented customer service practices, dissatisfied customers have the potential to become some of our most loyal customers. We have seen this on several occasions where we have gracefully corrected a mistake or offered an alternative solution to a dissatisfied customer, and the customer has gone on to be extremely loyal to the business and refer lots of friends as well. All tiers of staff from Cannabis Specialist to the C-suite are rigorously trained on customer service protocols and de-escalation tactics to further drive sales, prevent workplace conflict and create a welcoming, consumer-focused atmosphere at OTC stores.



A.2.H.3. SALES AND MARKETING: MARKETING PLAN

Our Marketing Plan is location-based, social equity centered and community driven. OTC deploys a wide range of marketing initiatives targeted at increasing: (1) store awareness and traffic; (2) customer education; and (3) customer loyalty. OTC’s primary marketing objective is to create awareness about the store, exceptional staff and our elevated shopping experience. OTC’s operation is best in class, and our reviews and dramatic pace of customer growth validate that assertion. Second, by educating customers on new categories, consumption methods and introducing them to the best brands available in California, OTC drives increased visitor frequency, which creates customer loyalty and additional revenue opportunities. Finally, by leveraging our technology partners Alpine IQ, Headset, and Meadow, OTC offers one of the most robust and easy to use customer loyalty programs amongst retailers. This allows OTC to customize offers, discounts, incentives and promotions. The result is increased engagement, product purchasing and a better customer experience. Ultimately, this drives higher average sales and total revenue for OTC.

Brand Ethos: OTC offers unparalleled customer service, diverse product menus, cannabis education and an organizational commitment to community. Contributing to opportunities for members of Healdsburg’s community is critical for our success. We engage local businesses that have a similar ethos to our own and align ourselves with institutions with deep roots in the community and social equity. These strategic relationships add validity to OTC’s presence in Healdsburg, which ultimately translates into a wider reputation as an equity-based boutique retail storefront and delivery service. This and our novel approach to community integration allows us to offer a retail experience beyond standard current industry operators. Our commitment to excellence and mission to improve equity in our local community incites customer loyalty and engenders notoriety via word-of-mouth exposure amongst locals and beyond. OTC is adopting proven strategies from OTC, including catering to clients by prioritizing diversity and equity while developing a boutique experience with extensive product offerings. Our business model’s focus on educating consumers and enhancing social equity in Healdsburg provide novel marketing opportunities and reciprocal business partnerships unavailable to conventional retail storefronts. In addition, our green practices meet demand for products that exceed current industry standards for product purity and environmentally consciousness and ethical production.

Marketing Initiatives: Our Marketing Plan brings a refined and sophisticated approach to cannabis marketing. We aim to create an immersive retail environment through facility design, strategic business initiatives and overall marketing expertise that translates into various visual elements of the retail storefront. We are also sourcing local contractors and design studios to create unique in-person and online customer experiences and develop a reputation as a standout cannabis retailer. Our Marketing Plan initiatives consists of: (1) Leveraging strategic business partnerships; (2) Employing social media platforms; (3) Holding community events focused on social advocacy; (3) Developing effective branding solutions; (4) Executing effective pricing; and (5) Launching print and web campaigns aimed at broadcasting the brand’s identity that engage both experienced and inexperienced cannabis consumers. We only advertise within the scope of compliance with local regulations and includes internet, social media, print, direct mail and other media. The following provides a brief description of our proposed marketing initiatives:

Reciprocal Business Partnerships: We are leveraging relationships with local businesses to draw Healdsburg consumers and tourists to our retail storefront. Local partnerships allow us to increase market outreach to Healdsburg patrons through opportunities like packaged service offerings and referral arrangements. We also partner with companies that complement our own social equity model to create opportunities for vulnerable populations and instill diversity throughout Healdsburg.

Social Media: We develop comprehensive social media solutions through incorporating platforms such as Facebook, Twitter, Instagram, YouTube, and beyond. Our campaign envisions regular and compelling digital outreach, creation of interactive experiences, online community development and outreach, attracting prominent bloggers, and engaging leading influencers to provide brand support. Until online advertising barriers are lifted, we will manage our social efforts with caution and focus on areas we are confident will yield the most efficient return on investment. The very nature of our business model invites content creation and self-promotion, allowing for a large community of influencers to not only promote their own work through social media but our brand and business as well. Content



related to OTC, such as our current performance calendars and new products, will be showcased by influencers organically through their social platforms, taking on a virality at practically no effort or cost to us. Similarly, our own content creation on featured artists, events, and product offerings along with content capture will provide an arsenal of evergreen social content that will play a leading role in our marketing strategy.

Events & Social Advocacy: We utilize educational seminars, milestone celebrations, volunteer efforts and other events to attract new clients and increase exposure. Our events include fundraisers, product launches, informational workshops, job fairs and other marketing-focused events. Fundraisers support community organizations and provide funding to programs focused on decriminalization, expungement, and job placement. Event hosting and social advocacy efforts introduces OTC’s to underrepresented markets and allows us to leverage good-will exposure into word-of-mouth and notoriety amongst consumers.

Branding: Our organization-wide commitment to quality has inherent branding opportunities. We build and maintain a compelling message around these concepts to spark positive dialogue and association amongst consumers. Targeted advertising and outreach are combined with our sophisticated facility design to maximize our brand’s identity and range.

Web Presence: Beyond social media, we use our website to leverage our online media image. We take advantage of search engine optimization through online services like Yelp, Weedmaps and Google Review, as well as an internal blog with targeted content framed around product info and social justice. We incite customer loyalty through our commitment to providing unparalleled customer service, diverse product menus, affordable pricing, cannabis education, as well as an organizational commitment to social equity. Further, our web presence and hosted events featuring leading influencers have helped create a sense of community with our clientele, which has allowed us to increase our overall customer-base and revenues. Our marketing techniques reach a large consumer-base consisting of different populations and demographics, something we strive to reproduce at all of our facilities.

Email Marketing: Email marketing works only when the email marketing software provider allows businesses to send messages related to cannabis brands, products, and services to their lists. However, cannabis is still illegal at the federal level, and that means most email marketing application providers don’t like cannabis-related businesses. Email marketing application providers require that their users follow “acceptable terms of use,” and those terms typically prohibit sending messages about illegal drugs, goods, or services – including cannabis. To ensure account security we may utilize a platform like Cannabiz Media Licenses Database, which will provide (1) an integrated email marketing platform, (2) a customer relationship management (CRM) tool, and (3) access to information on over 25,000 licensed cannabis and hemp operations across 32 states and Canada for potential business connections, sales prospecting, and marketing.

Search Engine Optimization (SEO): A majority of businesses today are discovered through online searches, and we will ensure OTC is easily discoverable online through local SEO and link-building efforts including: (1) Optimized website with keywords and fresh content; (2) Business listed on sites with high domain ratings such as Leafly, Weedmaps, Merry Jane, and Yelp; and (3) Any textual mentions of our brand on another website assists our own search efforts, which is achieved through providing charitable donations and focusing efforts on local Healdsburg organizations, sponsoring local events and creating quality branded content such as E-books, white papers, blog posts, co-created guest posts, podcasts, case studies, educational infographics, and videos that would appear on sites other than our own.

Test and Learn: We will also reserve a conservative “test and learn” budget that will allow us to try advertising vehicles such as ad networks like mantisadnetwork.com, where we will run a variety of ad types across cannabis-friendly websites on a cost-per-click basis. Examples include: (1) Geo-targeted advertisements (target by Healdsburg, Windsor, Geyserville, and other Sonoma County zip codes within a small radius of store location); (2) Geo-targeted native advertising: A piece of writing or other material in an online publication that resembles the publication’s editorial content but is paid for by an advertiser and intended to promote a product or service; and (3) Video advertising aligned with content relevant ads with a focus on cannabis related education and social equity.



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**SECTION B:
LABOR &
EMPLOYMENT
PLAN**

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Taking care of our employees and providing them with various opportunities to succeed is a top priority at OTC. When we began building out our labor, employment, and human resources programs, we conducted a comparative analysis of some of the most successful companies in the nation who exemplified innovation and forward-thinking business practices. We found that the most successful companies are the ones that provide: (1) extremely competitive compensation packages; (2) training programs that cover all areas of operations; (3) resources that help employees improve their skillsets both in and out of the workplace; and (4) an environment where employees genuinely enjoy coming to work. These businesses also place a heavy emphasis on the onboarding process to ensure employees have the tools to thrive from their first day and throughout their careers. We have modeled our internal policies and procedures after these successful companies to create a unique local enterprise that is setting the new standard for labor, employment and human resources in the cannabis industry.

We believe that diversity in background, ethnicity, and experience are critical to developing a team that is best able to serve the community of Healdsburg. Accordingly, OTC hires, trains, and develops local talent from all backgrounds to cater to our clientele. Owners Norman and Darline Yousif are instrumental in achieving this goal due to their own life experiences and endless desire to instill diversity throughout their family of businesses. Norman was born in Baghdad, Iraq and immigrated to the United States at a very young age. Darline is a first generation American whose family also immigrated to the United States from Iran. Their unique perspective combined with their ability to form local relationships aids us in the process of recruiting, understanding the local landscape of diversity and inclusion, and sourcing local individuals residing in Healdsburg to be proud employees of OTC. Combined with Business Development Officer Adam Mernit's experience managing a commercial cannabis business in Sonoma County and Community Relations Officer Kika Keith's experience in community organizing, OTC will use their unique experience and understanding of the local community's socioeconomic landscape and core values to assemble and manage a staff that reflects Healdsburg's true demographic composition.

Our Human Resources Coordinator June Jeong is the driving force behind achieving the most beneficial labor, employment, diversity, and inclusion outcomes. June is a performance driven leader whose talents lie in strategic planning, employee engagement, dispute resolution, and mentoring and coaching aimed at strengthening the development of individuals and organizations. June is a subject matter expert in Human Resources Management, having held executive level positions in Global Fortune 100 companies such as Hyundai Global to publicly traded companies such as BBCN, the nation's largest Korean American regional bank. June was also appointed to the National Organization of Women Business Owner's Board of Directors (NAWBO), Los Angeles chapter in June 2017. In this role, June will continue NAWBO's mission to propel women entrepreneurs into economic, social and political spheres of power worldwide. Her 20+ years of experience with other companies led her to start her own venture, eqHR, which provides clients with a full-service human resources platform offering anything from payroll consulting to employee handbook development and more. Her company has a profile of 100+ clients in an array of different professional sectors including finance, marketing, science, food and beverage and more. June's experience overseeing hundreds of clients and thousands of employees while working closely with startups makes her an essential source of knowledge for our team.



Between local hiring, heightened pay, extensive benefits packages, employee-focused practices, social equity programs, continuing education and a comprehensive training program, OTC is becoming a driving force in job creation and retention in cannabis retail in both California and throughout the nation. We look forward to creating meaningful and fulfilling employment opportunities for local residents and diversifying the workforce composition in Healdsburg's already thriving local business economy.

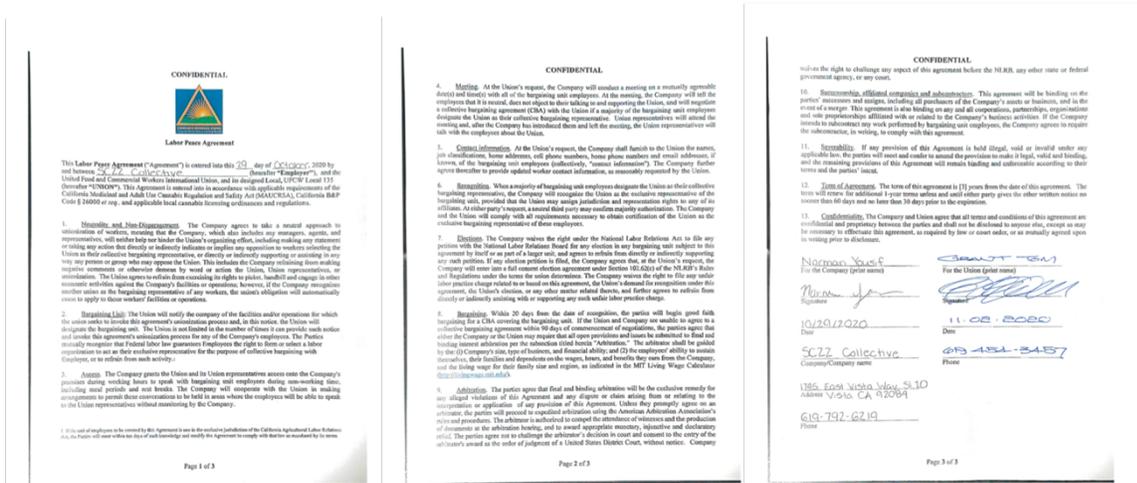
B.1. COLLECTIVE BARGAINING RIGHTS

OTC upholds strong labor standards in a diverse and supportive workplace environment. We have developed relationships with various labor unions for our other businesses and are in discussions to partner with the union as our workforce approaches twenty employees. OTC will enter into a Labor Peace Agreement (LPA) with United Food and Commercial Workers (UFCW) 8-Golden State to enforce its labor values as soon as it employs ten or more



employees (BPC §26051.5(a)(5)). UFCW has organized and represented cannabis workers since 2011. Our contemplated LPA includes agreements to prevent disruptions of labor organizations' efforts to communicate with and attempt to represent employees; it provides the UFCW with access to areas where OTC employees work to meet with employees and discuss right to representation, employment rights, as well as employment terms and conditions in accordance with the definition of "Labor Peace Agreement" (BPC §19300.5(w)). OTC has existing LPA's with UFCW, which is a "Bona Fide Labor Organization", for other locations throughout California and we have entered into discussions with UFCW's local chapter that is seeking to represent cannabis workers in Healdsburg and throughout Northern California.

Sample LPA: The following is a sample of OTC's Labor Peace Agreement with UFCW at some of our operational businesses, which serves as a baseline for negotiations with Local Unions in new jurisdictions:



B.2. NUMBER OF EMPLOYEES

| Position | Headcount (Opening) | Headcount (Capacity) | Compensation Figure | Payroll (Opening) | Payroll (Capacity) |
|-------------------------------------|---------------------|----------------------|-------------------------|-------------------|--------------------|
| Chief Executive Officer (CEO)* | 1 | 1 | \$110,000 | \$11,000 | \$11,000 |
| Chief Operating Officer (COO)* | 1 | 1 | \$95,000 | \$9,500 | \$9,500 |
| Chief Compliance Officer (CCO)* | 1 | 1 | \$65,000 | \$6,500 | \$6,500 |
| Community Relations Officer (CRO) | 1 | 1 | \$42,000 | \$42,000 | \$42,000 |
| Business Development Officer (BDO)# | 1 | 1 | N/A | N/A | N/A |
| General Manager | 1 | 1 | \$60,000 | \$60,000 | \$60,000 |
| Human Resources Coordinator | 1 | 1 | \$65,000 | \$65,000 | \$65,000 |
| Inventory Manager | 1 | 1 | \$84,000 | \$84,000 | \$84,000 |
| Team Lead | 1 | 1 | \$50,000 | \$50,000 | \$50,000 |
| Cannabis Specialist | 5 | 7 | \$21.50/hr [†] | \$224,352.5 | \$314,093.5 |
| Verification Specialist | 2 | 3 | \$21.50/hr [†] | \$89,741 | \$134,611.5 |
| Inventory Technician | 1 | 1 | \$42,000 | \$42,000 | \$42,000 |
| Dispatcher | 1 | 2 | \$21.50/hr [†] | \$44,870.5 | \$89,741 |
| Delivery Driver | 2 | 4 | \$21.50/hr [†] | \$89,741 | \$179,482 |
| Total | 20 | 26 | -- | \$818,705 | \$1,087,928 |

[†]Roles paid at least \$21.50/hr and tips.
^{*}Executive salaries are pro-rated across ten (10) operational locations
[#]Role paid through OTC corporate

Based on the above table, OTC will employ 20 employees at its opening. OTC will transition to 26 employees when the facility reaches full operational capacity, which we expect to be within 1-year of opening.



B.3. EMPLOYEE RESPONSIBILITIES

Our roles and responsibilities are outlined based on a tiered structure of staff levels with delineated job functions. Leadership is comprised of the Chief Executive Officer (CEO), Chief Operating Officer (COO) and the Chief Compliance Officer (CCO); these C-suite managers are responsible for the management and oversight of employees and ensuring all employees understand their roles within the overall organization. We are staffing the proposed business with the following roles:

Chief Executive Officer (CEO): The CEO is responsible for providing leadership in all aspects of the retail storefront and delivery service and overseeing all areas of operation. The CEO maintains a birds-eye view of the entire operation and looks for ways to increase operational efficiency and performance. The CEO is responsible for ongoing compliance efforts to ensure that all operations and documentation are being executed in the scope of compliance with the Medicinal and Adult Use Cannabis and Safety Act (MAUCRSA), the Healdsburg Municipal Code (HMC) and any applicable federal regulations. The CEO incorporates best practices for facility design and outfitting of a cannabis retail storefront by combining his previous knowledge of commercial real estate, his extensive experience in operating cannabis retailers for six (6) years and his emphasis on adherence with local design guidelines to ensure that all of OTC's facilities blend with the overall community aesthetic. He also runs monthly and quarterly reports, remits tax payments to the city, State and Distributors and serves as the face of the store at public functions, including city meetings and hosted community functions. The CEO is trained in all roles at the facility in case he needs to replace or cover staff in cases of emergency.

Chief Operating Officer (COO): The COO is heavily involved in day-to-day operations with respect to product procurement, sales strategy development, inventory management, control, reporting and various other product-driven aspects of cannabis retail. The COO maintains and expands her network of licensed cultivators, manufacturers, and distributors to ensure a consistent supply of cannabis goods and builds relationships with these entities to get favorable terms on product over time. The COO incorporates data and analytics into all sales strategies by tracking which products perform the best in terms of sales and maximize return on investment. The COO also collaborates with the Human Resources Coordinator to deliver the best possible experience for our employees and ensure staff retention. Finally, the COO coordinates with all other roles affiliated with marketing and advertising to develop targeted campaigns in various formats and responsibly communicates relative information to OTC's clientele.

Chief Compliance Officer (CCO): The CCO is responsible for overseeing all regulatory affairs, ensuring that our operations fall within the scope of compliance with all local and state regulations on a continual basis. The CCO handles all state licensing work such as renewals and modifications, participates in all compliance inspection and audits our standard operating procedures to ensure ongoing compliance after changes in regulations. The CCO is also responsible for assisting the COO and Inventory Manager with compliance operations that are focused on inventory management, control, and reporting. This includes oversight of inventory audits, generating inventory reports, communicating with management regarding inventory discrepancies, managing electronic and physical inventory records and various other leadership tasks. The CCO is a key contributor to the development, implementation, evaluation, and auditing of all operational SOPs and works to ensure compliant day-to-day operations from the first day of business and that each employee is aware of the procedures to complete their day-to-day tasks. The CCO is our primary interface with the local and state government and uses his legal background to proactively prevent any compliance issues from arising.

Community Relations Officer (CRO): The CRO is the facility's direct link to the community as community liaison and is responsible for all public relations, community reinvestment initiatives and social equity strategies. The CRO is a fixture in the local community and develops relationships with community members and regulators at the local level, ensuring that OTC is consistently a well-respected contributing member of the Healdsburg business community. The CRO is primarily responsible for maintaining community commitments outlined in our Community Benefits Plan and communicates with local business partners and other equity partners with respect to cross-promotional ventures and joint community initiatives. The CRO is responsible for OTC's Good Neighbor Policy outlined in the Neighborhood Compatibility Plan and is the dedicated community relations contact whose



responsibilities are mandated in the HMC. As the community relations contact, the CRO is OTC's direct line of communication to the public, the City, and neighbors with respect to proactively addressing and responding to complaints including those relating to noise, light, odor, loitering as well as vehicle and pedestrian traffic. The CRO's name, telephone number(s) and email address will be provided to the City along with all neighboring businesses and other establishments within 500' of the facility; her contact information will also be available on our website for clients and other community members. The CRO administers directives to create community engagement schedules, deploy company resources to meet these community engagement goals, analyze the performance of community benefit initiatives and create a holistic connection between our employees and local community members.

Business Development Officer (BDO): The BDO is the primary analyst of performance, growth and internal development. The BDO collaborates with the CCO to ensure compliance throughout all day-to-day operations through the development, implementation, auditing and evaluation of best-in-class SOPs, along with the incorporation of best practices and standards from leading regulatory bodies, third party evaluators and other organizations. The BDO also has immense knowledge of the entire supply chain from his experience in cultivation and manufacturing and understands the local landscape of cannabis operators in Sonoma County, which enables him to assist with product procurement, vetting of new vendors, and monitoring the sales performance of our proposed product line. The BDO coordinates with leadership on overall retail strategy and continually look for ways to expand our team's collective product-driven knowledge and expertise. He provides data and observations of sales trends to the Inventory Team using his expansive knowledge of various data platforms to guide product procurement strategies and ensure OTC's product menu features are current and diverse. The BDO also partners with COO on marketing strategies, brand elevation, branded merchandise design, collateral and production. The BDO is a primary driver of growth for the company across all locations and is able to keep OTC on the cutting edge of cannabis retail and product offerings. Finally, the BDO aids the CRO in all aspects of community engagement based on their residence within proximity to Healdsburg and their understanding of Healdsburg and Sonoma County's overall social, cultural, and economic landscape.

Human Resources Coordinator: The Human Resources Coordinator is focused on building out a great experience for our employees, from the interview process to their first annual review and beyond. She collaborates with leadership and third-party HR partner VensureHR to build out OTC's human resources platform, hiring process, onboarding and offboarding procedures, payroll, and benefits program. Her day-to-day responsibilities include making sure all of the systems are running smoothly and efficiently through the use of technology and feedback from the team. The Human Resources Coordinator is also focused on creating and maintaining a great work environment, which includes a beautiful working space and Break Room to strengthen our team's unity and overall company culture. The Human Resources Coordinator is the primary driver of company culture and provides guidance and development opportunities to all employees.

General Manager: The General Manager provides leadership throughout all day-to-day operations for cannabis retail and delivery. The General Manager has expansive knowledge of the local market and knows how to fine-tune OTC's standard operating procedures to achieve the most beneficial sales and employment outcomes. From a personnel perspective, the General Manager oversees the Verification Specialists, Cannabis Specialists, Dispatchers and Delivery Drivers and provides directives to create the best possible retail experience for our clientele. This includes the creation and alteration of product displays, incorporation of new signage, oversight of cash management, working with the Security team, employee issues that have been escalated and any other broad-spectrum procedures or aspects of the facility. They are responsible for training and coaching employees on all aspects of operations, developing staff schedules, spearheading the development of consumer education materials, assisting with marketing and advertising, coordinating with other owners on product specials, contributing ideas for community benefit initiatives and many other imperative operational tasks. In the pre-operational phase, they help apply various design concepts on the Retail Floor for optimal customer traffic. They regularly collaborate with leadership on ways to improve sales through design and layout of the Retail Floor, displays, storage mechanisms and much more throughout ongoing operations. Additional responsibilities include interviewing and hiring team members, altering and updating SOPs to maintain cohesion with the new facility and enacting safety and health protocols when necessary for maximum



consumer and employee safety. The General Manager has expansive knowledge of MAUCRSA and their understanding of local and state regulations in the context of OTC's business strategy makes them a key contributor in the development, implementation, evaluation and auditing of SOPs for retail and delivery operations.

Inventory Manager: The Inventory Manager is responsible for overseeing all day-to-day operations that are focused on inventory management, control and reporting. This includes receiving deliveries of cannabis goods, verifying shipping manifests, confirming the presence and accuracy of all Certificates of Analysis, maintaining environmental conditions in the Secure Storage Room, conducting all inventory audits, generating inventory reports, communicating with management regarding inventory discrepancies, managing electronic and physical inventory records and various other day-to-day tasks. The Inventory Manager knows how to troubleshoot problems in Metrc and Meadow and coordinate with other staff members to resolve issues in a timely fashion. The Inventory Manager is a key contributor to the development, implementation, evaluation and auditing of all inventory-related SOPs and works to ensure compliant transfers of inventory between other licensees. The Inventory Manager knows the complete inner workings of Meadow, Metrc, Dutchie and Headset and is responsible for ensuring that all commercial cannabis activity is recorded in these programs. The Inventory Manager works with the CEO, the General Manager, and other relevant management personnel to ensure inventory management is conducted within the scope of OTC's overall sales strategy and any alterations made to this strategy.

Verification Specialist: Verification Specialists are responsible for screening customers at entry to ensure no minors or unqualified individuals gain access to the premises and preventing diversion at all costs. They are trained in age verification procedures to ensure only legal patrons enter the facility, specifically adult use customers over the age of 21 years old. They will ensure a customer is introduced to a Cannabis Specialist for product questions and will also assist by packaging product and processing sales transactions. They will ensure products are placed in an opaque package prior to leaving the premises but will not have access to inventory. Verification Specialists only fulfill either role in a given shift and are positioned at the customer verification counters, processors will be stationed at a checkout station; each will need to log in and track shift activity on their station's terminal.

Team Lead: Team Lead is "Captain" of our Cannabis Specialist team. The Team Lead leads by example in day-to-day operations including transaction processing, ID verification, cash handling and other retail activities. The Team Lead is a wealth of knowledge in terms of cannabis products and is able to help customers make informed purchasing decisions. The Team Lead coordinates with Inventory Technicians regarding the need for more product on the Retail Floor and ensures that there is a consistent supply of cannabis goods available for purchase. The Team Lead is trained in all security protocols and provides direction to Cannabis Specialists in the event of an emergency. The Team Lead communicates their observations of OTC's day-to-day performance to the General Manager and make suggestions on potential changes to certain protocols. Any questions that Specialists may have are first submitted to the Team Lead and then escalated to the General Manager if the Team Lead is unable to provide the necessary information.

Cannabis Specialist: Specialists comprise the front line of our incomparable retail experience for adult use and medical customers and ensure ongoing compliance with MAUCRSA's verification and transaction-specific provisions. Specialists are responsible for servicing the needs of customers and preventing theft of cannabis through day-to-day transactional protocols. Specialists are trained to advise on product decisions that align with the benefits sought by clients and oversee them when samples are being inspected. They provide product information, dosage recommendations and information on ingestion. All Specialists are trained in processing sales transactions, cash handling, Meadow POS Software operation, Metrc integration, and tracking cannabis goods at all stages of the internal supply chain. They are also responsible for screening customers at entry, carrying out age and identification verification procedures to ensure only legal patrons enter the location, managing customer and patient flow in the facility, introducing customers to the General Manager for product questions they cannot answer, and also assisting by placing product in exit packaging. Specialists are required to provide excellent customer service in all scenarios and our training program provides them with all the knowledge, tools and technology to carry out these responsibilities.



OFF THE CHARS

Inventory Technician: Inventory Technicians carry out all product handling directives passed down by the Inventory Manager. This includes checking inventory in and out of storage, assisting the General Manager with Meadow and Metrc, maintaining adequate environmental conditions for temperature-sensitive cannabis products in storage and in the Retail Floor once they are checked out of storage and assisting Specialists as needed. Inventory Technicians are the gatekeepers of cannabis goods as they move throughout the facility and are rigorously trained in product security protocols to prevent theft, loss and diversion.

Dispatchers: Dispatchers are in charge of managing all transportation operations for the delivery element of our operation. They manage transportation of outgoing deliveries of cannabis goods to customers at qualified addresses. This includes planning routes, prioritizing routes in accordance with time of order and logistical efficiency of routes, processing phone-in and electronic order requests, supporting drivers and processing pick-up and delivery orders, compiling identification for all orders, verifying delivery addresses before packaging orders, packaging orders in accordance with order requests and attaching invoices to orders waiting for pick-up or delivery. Dispatchers need to manage a team of full-time Delivery Drivers to ensure a steady supply of transportation labor allocated to retail deliveries. Dispatchers coordinate with the GM to ensure there is a consistent supply of cannabis goods flowing throughout the internal supply chain through careful oversight of transportation and logistics. Dispatchers also ensure adherence to all transportation security protocols, such as confirming the presence of a Tuffy tactical lockbox in the vehicle, confirming no cannabis is visible from outside the vehicle, and enforcing our distracted driving policy.

Delivery Drivers: Delivery Drivers are the core of our transportation operations. Delivery Drivers are both front-end and back-end employees, making retail deliveries to clients as well as coordinating with the Dispatcher regarding route assignments and inventory. They are responsible for communicating with customers in preparation for transporting cannabis to a client’s address, reviewing and submitting trip plans and ensuring delivery manifests are consistent with delivered products and addresses where deliveries are occurring, confirming delivery, loading and unloading cannabis goods and cash in and out of delivery vehicles, maintaining delivery vehicles, validating government-issued ID, and obtaining photographic confirmation of customer documentation. Delivery Drivers are trained in all aspects of the Meadow POS system and OnFleet transportation and logistics platform to ensure compliance with all local and state requirements for delivery. Delivery Drivers are required to consistently communicate with Dispatchers throughout their delivery routes.

Job Descriptions

See below for some examples of the job descriptions we use to recruit qualified candidates:

DELIVERY DRIVER

We are looking for a responsible Delivery Driver to distribute products promptly to our customers.

SALARY: From \$15 an hour, plus tips

JOB TYPE: Full-time

RESPONSIBILITIES:

- Deliver a wide variety of items to different addresses and through different routes
- Follow routes and time schedule
- Ask for feedback on provided services
- Collect payments
- Inform customers about new products and services
- Follow DOT regulations and safety standards

REQUIREMENTS:

- Proven working experience as a Delivery Driver
- Valid professional driver's license
- Excellent organizational and time management skills
- Good driving record

EDUCATION: High School or Equivalent

[Apply Now](#)

CANNABIS SPECIALIST

SALARY: \$15 - \$18 an hour

JOB TYPE: Full-time, Part-time

RESPONSIBILITIES:

- Cash-handling skills
- Create a friendly, positive, & upbeat attitude/environment
- Answer phone calls in a timely manner & answer any questions asked by a customer
- Assist customers in checking in & obtaining a Medical Recommendation if needed
- Ensure work space is clean & organized at all times
- Assist in filling stock & maintaining a clean space
- Educate customers in what we offer & which products will fit their needs

REQUIREMENTS:

- Customer Service, 1 year (Preferred)
- Excellent Customer Service & Communication Skills
- Industry experience is a MUST
- Must pass Livescan Background check
- Must be 21 or older

EDUCATION: High School or Equivalent

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DISPATCHER

Dispatchers are responsible for staying up to date on current trends and brands in the industry.

SALARY: From \$14 an hour, plus tips

JOB TYPE: Full-time, Part-time

You must be able to handle high volume of orders while still providing ten-star customer service.

Customer service is everything.

From the moment they reach out to place an order, to the moment they receive the order and open their bag, we want them to be happy.

You will be taking orders from multiple online platforms as well as incoming phone orders.

Diligence is a must, as orders must be prepped correctly and efficiently.

Dispatcher will use a routing software to plan routes for each delivery driver based on the chronological order that the orders were placed.

EDUCATION: High School or Equivalent

[Apply Now](#)



B.4. EMPLOYEE BENEFITS

Our staff is afforded one of the most competitive benefits packaged offered in the cannabis industry to date. The following summarizes each of the traditional offerings contained within our benefits package, such as health and dental insurance along with some additional, more innovative benefit offerings like wellness reimbursements:

Health Insurance: Employees who work 30 or more hours per week are eligible for group healthcare benefits. OTC offers its employees a variety of coverage option, which include extended coverage of children, spouses and dependents. Salaried employees are eligible after 30 days of employment, and hourly employees are eligible after 90 days of employment. Below is a sample breakdown of our plan offerings and OTC contributions.

Salary Employees

Silver 70 HMO 1800/55: -OTC contribution towards employee: 70%
 -OTC contribution towards dependent: 40%

Gold 80 HMO 250/45: -OTC contribution towards employee: 60%
 -OTC contribution towards dependent: 40%

Blue Shield Silver PPO 70 2250/50 (buy-up: employee pays difference from Kaiser to Blue Shield PPO)

- OTC contribution: 70% of base plan Kaiser Permanente Silver 70 HMO 1650-55 Alt
- OTC contribution: 40% of base plan Kaiser Permanente Silver 70 HMO 1650-55 Alt

Delta Dental PPO Premier Enhanced 1800: -OTC contribution towards employee: 70%
 -OTC contribution towards dependent: 40%

VSP (Vision): -OTC contribution towards employee: 70%
 -OTC contribution towards dependent: 40%

Hourly Employees

Silver 70 HMO 1800/55: -OTC contribution towards employee: 60%
 -OTC contribution towards dependent: 0%

Gold 80 HMO 250/45: -OTC contribution towards employee: 50%
 -OTC contribution towards dependent: 0%

Blue Shield Silver PPO 70 2250/50 ((buy-up: employee pays difference from KP base plan for BS PPO)

- OTC contribution: 60% of base plan Kaiser Permanente Silver 70 HMO 1650-55 Alt
- OTC contribution: 0% of base plan Kaiser Permanente Silver 70 HMO 1650-55 Alt

Delta Dental PPO Premier Enhanced 1800 -OTC contribution towards employee: 60%
 -OTC contribution towards dependent: 0%

VSP (Vision) -OTC contribution towards employee: 60%
 -OTC contribution towards dependent: 0%

CA Disability Insurance: The Employment Development Department (EDD) administers state Disability Insurance (SDI); this provides benefits when staff can't work because illness/injury that is not work related. Benefits are based on earnings, and the first 7 days of an employee's claim is a waiting period during which no benefits are payable. Employees can get claim forms from their doctor or any office of the EDD by phone, letter, or in person. The 7-day waiting period is waived when someone who already served the waiting period for initial disability benefits claim files a second benefits claim for the same or related condition within 60 days after the first period of disability.

CA State Paid Family Leave Insurance: Paid Family Leave (PFL) is a state-sponsored insurance program that provides employees with partial wage replacement for up to six (6) weeks in any twelve-month period while absent from work for a seriously ill or injured family member. Eligible employees must apply directly with the California EDD to receive benefits. OTC does not distribute PFL benefits to employees. Whenever employees can foresee the need for the time off, they must also provide advance notice to OTC's management in writing and request time off.



OFF THE CHARS

Workers' Compensation: OTC provides insurance coverage for employees for work-related injury. Employees receive notice at time of hire with the name of the workers' compensation carrier in writing and any changes thereafter. Workers' Compensation leave runs concurrent with FMLA and CFRA for the first 12 weeks of time off.

Social Security: All employees are covered under the provisions of federal social security law. Social security benefits supplement employees' family retirement income and provide disability and survivors' benefits. The amount of deduction from employee wages for social security taxes is matched by OTC. The total contribution by the employee and OTC is credited to the employee's social security account. Detailed information about social security benefits can be obtained from the Social Security Administration.

Vacation Pay: Vacation time allows employee to rest, relax and pursue special interests. OTC provides Paid Vacation Leave to show appreciation for employee loyalty and continued service. 40 hours of annual vacation pay is available to employees (from date of hire) and becomes available after the employee has worked full-time for one year. Vacation requests are approved on a first come, first served basis, as well as length of employment, frequency of vacation requests, and only if the time off does not interfere with the normal business operations of OTC.

| Job Title | Vacation After 1 Year Until End of 2 Years | After 3 Years of Service | Maximum 5 Years of Service |
|---|--|--------------------------|----------------------------|
| Cannabis Consultants, Inventory Technicians, Delivery Drivers, Verification Specialists | 1 week | 1 week | 3 weeks |
| Team Lead, Dispatcher, Human Resource Coordinator | 1 week | 2 weeks | 4 weeks |
| General Manager, CCO, CEO, COO, CRO and BDO | 2 weeks | 2 weeks | 4 weeks |

Employees become eligible for 120 hours of paid leave after 5 years of service. Further, all staff are provided paid time off or overtime for prescribed company holidays each year.

Employees are encouraged to use all vacation during the 12-month period after it has been earned. Every effort is made to grant an employee their vacation at the time they desire. However, vacations cannot interfere with OTC's operation and, therefore, written requests for vacation time off must be submitted to an employee's supervisor for approval at least seven days in advance, when feasible. Vacation requests are approved on a first come, first served basis, as well as length of employment, frequency of vacation requests and only if the time off does not interfere with the normal business operations of OTC. The amount of time requested cannot exceed the accrued amount. If any conflicts arise in requests for vacation time, preference is given to the employee with the most seniority and/or the last time vacation was taken. Vacation requests involving travel must be submitted for approval prior to booking travel, i.e., requesting vacation with the stipulation that travel arrangements have been made does not guarantee the time off request and may result in disciplinary action if the request cannot be granted and the time off is taken. Employees may not "cash out" vacation time while employed, nor can employees be paid vacation time as an additional paycheck in lieu of using vacation time. If an employee is on an approved leave of absence of less than five (5) days, the employee's vacation eligibility is not affected. If a paid holiday occurs during an employee's scheduled vacation, the employee receives holiday pay for that day, and the employee shall not be charged for a vacation day on the day the holiday is observed.

Sick Pay: Paid Sick Leave provides employees with a measure of wage/salary continuation when they are absent from work. Paid Sick Leave may be used for employee illness or injury, as well as the diagnosis, care, treatment of an existing health condition, or preventive care for themselves or a family member. Paid sick leave is available if an employee, or a member of the employee's family, has been the victim of a crime and the employee needs to take time off to attend judicial proceedings relating to the crime. Employees who are victims of domestic violence, sexual assault or stalking may also use paid sick leave time. Employees can use available Sick Leave in the event of the death of an immediate family member or the family of a spouse. Paid Sick Leave cannot be used for non-health related matters such as tardiness, to extend a vacation or for absences of non-scheduled workdays. Requests for use



of sick leave benefits can only be for a day on which an employee is scheduled to work or when they are called to report to work. Employees accrue Sick Leave on their first day of employment and can use Sick Leave after working at least 30 days. Paid Sick Leave is credited to employee banks of time based on employee classification, which relate to an employee's hourly commitment.

| Employee Classification | Yearly Sick Leave Credit in Hours | Yearly Sick Leave in Days |
|---|-----------------------------------|---------------------------|
| Full-Time Employees (40 hrs/ wk) | 48.00 | 6.00 |
| Full-Time Employees who <u>average</u> 30 but less than 40 hrs/wk | 40.00 | 5.00 |

Holiday Pay: OTC observes Thanksgiving and Christmas and is closed on those days. If an employee's regularly scheduled workday falls on one of these holidays, the employee is paid at their hourly rate. If the schedule changes from week to week, holiday pay for these holidays is determined based on whether the employee worked the same day of the week for the 4 weeks leading up to the holiday. In addition, the stores close at 8 pm on Thanksgiving Eve, Christmas Eve, and July 4th. If an employee's regularly scheduled workday falls on one of these days, scheduled hours are adjusted according to the needs of the store. All non-exempt staff who work any of the following holidays are paid at time and one-half: New Year's Day, President's Day, Easter, Memorial Day, Independence Day, Labor Day and Veterans Day. In order to qualify for holiday pay, an employee must work the employee's regular schedule the day immediately before and after the holiday. Approved excused absences; use of Sick Pay or other types of time off protected by law is considered exceptions to this policy. Exempt staff who work the whole week are paid their regular salary. For example, if Christmas Day occurs on a Saturday, the holiday is generally be observed on the proceeding Friday. If Christmas Day occurs on a Sunday, it is generally be observed the following Monday. An employee may take time off to observe the employee's religious holidays. If available, a full day of unused vacation may be used for this purpose, otherwise time off is without pay. An employee must notify their supervisor at least five (5) days in advance. Part-time employees are eligible to receive holiday pay only for holidays on which they normally would be scheduled to work and only for their regularly scheduled hours. An employee is not eligible to receive holiday pay when the employee is on a leave of absence. Holiday pay is not considered "hours worked" when computing overtime pay.

Unemployment Insurance: OTC pays unemployment insurance taxes on behalf of employees to state and federal governments. These taxes fund payment of unemployment insurance benefits to employees eligible to receive them.

Maternity Program: OTC endorses a healthy work/life balance and quality time with family. We want to provide as much coverage as possible by allowing eligible employees time to adjust to their new life and bond with their child. Eligible employees are categorized as primary caregivers that have been with the company for at least 6 months prior to leave that are welcoming a new child to their family either through birth or adoption. Together with the state of California, OTC offers the following Maternity Leave Program:

- 1) **Primary Caregiver Leave:** for up to 12 weeks of paid leave. OTC will supplement California Paid Family Leave so that eligible employees are paid 100 percent of wages for up to 12 weeks.
 - a. California Paid Family Leave (PFL):
 - i. In the state of California Paid Family Leave provides up to eight weeks of partial wage replacement benefits to bond with a new child.
 - ii. Provides approximately 60 to 70 percent of your wages during your leave.
 - b. OTC Paid Family Leave:
 - i. OTC will pay 40% of wages for the first 8 weeks of leave. Following that, OTC will ensure you receive 100 percent of your wages for the remaining 4 weeks.
- 2) **Flexible Options:** Employees can choose when to take their Parental Leave - either in one continuous period or split into two periods within 12 months of birth or adoption.



- a. Employees must notify their manager and the Human Resources Department at the earliest possible date, ideally at least 6 weeks prior to the start of leave.

3) **Ramp Back Program:** With this program, staff can ease back to work with up to 2 weeks of flexible time.

- a. Employees coordinate directly with their manager & the Human Resources Department to discuss an appropriate ramp back schedule for the first two weeks back at work.

Family and Medical Leave (FMLA) and California Family Rights Act: This leave section is to comply with both the federal Family and Medical Leave provisions (FMLA) and the California Family Rights Act (CFRA) provisions, where applicable. These leaves run concurrently unless prohibited by law. These two laws provide a leave of absence for the birth, adoption or foster care placement of an employee's child, or the care of an employee's child, adult child who is incapable of self-care, child of same-sex spouses, parent, spouse, same-sex spouses, registered domestic partner (CFRA) with a serious illness/health condition, or the employee's serious illness/health condition that makes the employee unable to perform their duties.

Employees who have completed at least one year of employment and have worked at least 1,250 hours in the previous twelve (12) months who are employed at a worksite where OTC maintains on the payroll (as of the date of the leave request), at least 50 part- or full-time employees within 75 miles (measured in road miles) of the worksite where the employee requesting the leave is employed, may submit a written request for a family and medical leave of absence, without pay, for any length of time up to a maximum of twelve (12) workweeks in a 12- month period. The written request must be submitted to the HR department or to the employee's direct supervisor to turn in to HR. The 12-month period is measured backward from the date an employee uses any family and medical leave. There is no carryover of unused leave from one 12-month period to the next 12-month period.

If the need for a family and medical leave of absence is foreseeable, employees must submit their request at least thirty (30) days in advance. We normally grant requests for family and medical leaves based on the facts and circumstances surrounding each individual request. If granted, employees are given written notice designating the leave as a family and medical leave of absence, as well as notice of their rights and obligations during the leave. Requests for family medical leave to care for a child, parent, or spouse with a serious illness/health condition, or an employee with a serious illness/health condition, must be accompanied by a health provider's written statement that certifies the need for the leave and estimates the length of time the employee is unable to work due to the serious illness/health condition.

Although OTC is not able to guarantee reinstatement in all cases, employees on family medical leave who return to work immediately following the end of an approved leave is returned to the same job they held immediately prior to their leave or, if that position has been eliminated, a comparable position if one is available. If such position is still available, if not, then the employee is entitled to a position for which they are qualified.

Employees with a serious illness/health condition must present a healthcare provider's written release to their manager or to provide the release to the employee's direct supervisor, verifying that they are able to safely perform their duties before they are allowed to return to work. OTC attempts to work with the employee in order to provide reasonable accommodation, as applicable. FMLA leave to care for a service member might include care of a grandparent, grandchild, sibling or parent-in-law and the employee could apply for PFL benefits. Under CFRA and FMLA regulations, employees may use protected leave to care for a seriously ill family member, including someone who stood in loco parentis to the employee. FMLA/CFRA would cover an employee's leave only under this circumstance if the person is a grandparent, grandchild, sibling or parent-in-law.

Employees on family and medical leave for the employee's own illness/injury, OTC may require the use of and integrate any sick or vacation pay into SDI. Employees out on baby bonding leave may be required to use sick, vacation to supplement PFL. Once an employee begins receiving benefits from a disability leave plan, such as state disability, or a disability benefit offered by OTC (such as a long-term disability plan), they are not required to use their sick leave, and/or vacation time while on an FMLA/CFRA leave; however, may elect to use sick leave, and/or vacation time to supplement their disability benefits if: they request the use of these paid time options; and/or the long term disability leave plan does



not provide them with complete wage replacement (e.g. if the plan only pays an employee 2/3 of their wages).

Additional Forms of Leave: We offer an extensive profile of leave to our employees in an effort to accommodate all potential scenarios in which they may need support. The following types of leave are available: (1) Worker's Compensation Leave; (2) Service Member Family and Medical Leave; (3) Pregnancy Disability Leave; (4) Personal Leave; (5) Bereavement Leave; (6) Military Leave; (7) Spouse Military Leave; (8) California Emergency Duty Leave; (9) California Civil Air Patrol Employment Protection Act; (10) California Crime Victim Leave; (11) California Domestic Violence and Sexual Assault Victims and Stalking Leave; (12) California Organ and Bone Marrow Donor Leave; (13) Subpoenas/Witness Duty Leave; (14) Time Off to Vote; (15) Time Off for Religious Reasons; (16) School Appearance Leave; (17) Family School Partnership Leave; and (18) Alcohol and Drug Rehabilitation Leave.

Re-integration after Leave: OTC recognizes the need to provide transitional work to employees who are unable to perform duties due to non-occupational or occupational injury/illness as soon as the treating physician deems it medically feasible. The Early Return to Work Program applies to all staff with modified work duties resulting from occupational injury. The number of available transitional work positions may be limited. The ability to participate in the program is dependent upon the nature of the job, types, duration of any restrictions, and OTC's ability to provide such work.

- 1) Employees on leaves of absence in excess of thirty (30) days must provide written certification to Human Resources from their physician every thirty (30) days to support their continued disability.
- 2) Request for an extension of a leave of absence must be made in writing prior to the expiration date of original leave, and when appropriate, must be accompanied by a provider's written statement that certifies the extension need.
- 3) Failure to return to work on the first workday without having contacted the company about the need for additional time, following the expiration of an approved leave of absence may be considered a voluntary termination.
- 4) OTC works with the employee in order to provide reasonable accommodation, as applicable. A doctor's note must be provided to the immediate manager to begin the interactive process and to consider what type of accommodation would be suitable.
- 5) Eligibility for continued coverage under OTC's group insurance plans are determined based on the type of leave. Details are explained to eligible employees at the time of leave.
- 6) Employees must make arrangements with OTC to pre-pay their share of the first month's group insurance (or if enrolled in supplemental plans) premiums before going on any leave of absence which are longer than a pay period. Payment for additional months must be received by the first of the month. Failure to pay the share of the premium may result in loss of coverage. Certain types of leaves preclude cancellation of coverage, even if premiums are not paid by the employee. Employees who fail to return to work at the end of an approved leave of absence may be required to reimburse OTC for group insurance premiums paid by OTC while the employee was on leave.
- 7) Employees on leave of absence may be subject to lay off on the same basis as employees who are actively at work.
- 8) OTC may hold in abeyance or proceed with any counseling, performance review or disciplinary action, including discharge, that was contemplated prior to any employee's request for or receipt of a leave of absence or that has come to OTC's attention during the leave. If any action is held in abeyance during the leave of absence, OTC reserves the right to proceed with the action upon the employee's return.
- 9) Requesting or receiving a leave of absence in no way relieves employees of their obligation while on the job to perform their job responsibilities capably and up to OTC's expectations and to observe all OTC rules, policies and procedures.
- 10) Employees on leave of absence must communicate with OTC on a regular basis, at least once a month, regarding their status and anticipated return to work date.
- 11) Employees who return to work from a medical, pregnancy related disability, family medical, or workers' compensation leave of absence may be required to submit to a physical examination, at OTC's expense, to determine their fitness for duty.
- 12) Employees on leave of absence who seek or accept other employment for work that is prohibited by leave restrictions or employment without following OTC policy, may be subject to disciplinary action, up to and including possible termination. Such employment may not conflict with the employee's assigned schedule or responsibilities with OTC.



- 13) Any medical leave is considered time spent off work to concurrently satisfy the federal Family and Medical Leave Act and any State leave requirements (if eligible), where the law allows. If State and Federal laws conflict, the most generous law applies.
- 14) Employees returning from medical leave that concurrently satisfies requirements of FMLA, CFRA, PDL, or Organ or Bone Marrow Donor are entitled to reinstatement to same or comparable position. If such position is still available, if not, the employee is entitled to a position for which they are qualified.
- 15) An employee who is granted a medical leave of absence must use any accrued vacation, sick benefits and/or PTO during the period of his or her disability, unless the type of leave makes such use optional.
- 16) Vacation time and sick leave do not accrue during leaves of absence.
- 17) Employees who falsify the reason for their leave of absence may be subject to disciplinary action, up to and including possible termination.
- 18) All foreseeable leaves of absence to be approved in advance, in writing, by an employee's supervisor.

Volunteer Time Off: As part of OTC's commitment to community, all staff are entitled to paid time off for time spent working at a community non-profit organization or city sponsored community events. Part-time employees are allowed 15 paid volunteer hours per year, and full-time employees can earn up to 40 paid volunteer hours annually.

Employee Assistance Program (EAP): OTC provides access to its EAP to all staff and families. Our history as small business owners has shown us that employees face a myriad of complex challenges such as financial or legal problems, substance abuse and family stress. An increasingly common problem our employees face is racism and discrimination in various settings throughout their day-to-day lives and exposure to racial injustice and horrific racially driven events taking place all over the country. We believe it is our responsibility to be there for team members when they experience racism and injustice and to this end, we have developed a program to assist team members in resolving complex challenges as they arise. Staff are provided with a network of professionals, counselors, and advisors to assist with the following: (1) 24-hour confidential counseling availability; (2) Community resource referrals for Mental Health, Social Security, Medicare, Hospice, and 12-step programs; (3) Mutual discount offerings to a wide range of local retailers that align with our beliefs; (4) Online training and resources to foster personal and professional growth; (5) Tuition and education subsidies; (6) Legal and Financial Professionals; and (7) Credit counselors and other financial resources. We look to add benefits to our EAP over time that relate to racism, the promotion of social justice, and other areas of need. If employees voice a concern, we take that concern into consideration and determine a possible way of incorporating new features to solve these problems for our employees.

Retirement Plan (401K): OTC offers employees a 401K retirement savings plan. The Vanguard Simple 401k for small business allows OTC to match staff contributions dollar-for-dollar up to 6% of staff compensation.

Continuation of Benefits: Under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), employees and qualified beneficiaries are eligible to continue medical insurance benefits at slightly higher premium rates than OTC pays. COBRA costs and eligibility are administered in accordance with all statutory requirements. The length of COBRA continuation coverage is determined by the qualified event from the list stated below. An employee who exhausts their 18 months of COBRA coverage and was entitled to less than 36 months of COBRA coverage, may have the option to choose up to 18 months of additional coverage under Cal-COBRA depending on the qualifying event. Group medical and dental coverage can continue when any one of the following "qualified events" occur: (1) Death of covered employee (spouse and dependent child of covered employee covered for up to 36 months); (2) Termination (other than by reason of gross misconduct) or reduction of hours of the covered employee's employment (coverage for up to 18 months for covered employee, spouse and dependent child); (3) Divorce or legal separation of the covered employee from the employee's spouse (former spouse and dependent child covered for up to 36 months); (4) The covered employee becomes entitled to benefits under Medicare (coverage for up to 36 months for the covered spouse and dependent child); (5) The dependent child ceases to be a dependent under the requirements of the plan (coverage for up to 36 months for the formerly dependent child); and (6) An employer's bankruptcy, but only as it relates to health care coverage for retirees and their dependents (coverage for up to 36 months). At the time of termination, or other qualified event, continuation information, time limits and procedures are given to the employee or sent to the



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employee that includes the benefit premium, terms and options available to the employee. Same-sex partners and spouses are qualified beneficiaries. Under Cal-COBRA, if a registered domestic partner was a health plan participant on the day before a qualifying event, they would be entitled to continuation benefits. If conversion is elected, it is the employee's responsibility to maintain the benefit premiums. The employee should notify OTC if they have not received the COBRA paperwork within 30 days. At the conclusion of continuation of benefits under COBRA, the employee may convert their insurance to an individual plan by contacting the insurance carrier directly.

Career & Technical Education Opportunities and Reimbursements: OTC's commitment to providing employees with opportunities for growth and career development, within OTC and in career areas of interest, is exemplified through reimbursements to employee's who are enrolled in accredited secondary schools, vocational programs, or an equivalent institute offering some form of academic, technical, and job preparation training. These programs give students career-oriented education specific to areas of interest. Employees obtain a certificate, diploma, or career-specific credential that allow for growth within OTC or entry and growth in the industry they have received training in upon completion. While OTC does not discriminate against an employee education/career choice, we encourage employees looking for internal growth opportunities to take programs specific to retail cannabis operations such as, business, health and wellness, as well as some cannabis-specific technical-oriented programs. While some cannabis operations related programs are offered through community colleges and 4-year universities there are many opportunities for career and technical education that may be a better fit for someone who would benefit in a less traditional educational setting. More detail regarding these initiatives are provided within ***C.6. Training and Continuing Education*** within **SECTION C: SECURITY PLAN**.

Employee Discounts: All OTC staff receives a 25% discount on purchases. At time of hire, each employee also receives a gift card with \$5 store credit. Employees receive periodic store credit incentives on their gift card. Any purchases for employees must take place before or after work, on a break, or on a day when an employee is not working. Only supervisors may apply the employee discount to purchases, and all employees, including supervisors, cannot ring up their own purchases. OTC employees are prohibited from extending the company's 25% discount to any non-OTC staff or contractors. We also encourage our employees to participate in reviewing products.

OTC Gear: When employees are onboarded, we offer them a package of OTC-branded clothing, hats, and accessories that they will wear during their time at OTC at no charge. The package varies depending on the season, but it generally includes five t-shirts, a hooded sweatshirt, two hats and various accessories such as key chains and stickers. We want employees to feel like part of the family, and the provision of a "swag bag" helps us welcome new employees to the team and show our appreciation for their help in making OTC a premiere cannabis retail establishment.

Wellness Reimbursement: OTC reimburses up to \$500 per calendar year of all activities conducted by employees that is geared towards improving health and wellness. This includes gym/pool memberships, fitness classes, lessons, retreats, sports league dues, physical equipment and various other activities to help employees achieve their health and wellness goals.

Fully Stocked Break Room: As a measure to promote the health and wellness of our staff, we stock our Break Room with food, drinks and snacks that have nutritional value and that help our employees stay nourished throughout their day at work. Rather than a vending machine that carries food with processed ingredients and soda with high fructose corn syrup, we take the time to evaluate some of the more healthful food, drinks, and snacks available and choose those for our employees. There is no charge for any of these items, and we make sure there is always a consistent supply with varying options. We also include options for those who have dietary restrictions such as vegan, gluten-free, Keto, Kosher and various other types of diets. We hope that these dietary choices influence our employees' eating habits at and outside of work and empower them to make choices to improve their health and wellness.

Non-Discrimination: The diverse staff at OTC's consortium of businesses is a testament to our commitment as an equal opportunity employer. OTC's non-discrimination policy is grounded in our commitment to diversity and the importance we place on equality and creating an environment where employees from diverse backgrounds are at home. We have worked hard to foster a workplace environment that encourages growth and respect for all staff based



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on job-based factors such as educational background, work experience, and ability to perform job functions. Our hiring practices, compensation packages, and significant social equity component all highlight the emphasis placed on fostering an environment of acceptance. It is OTC's policy and practice to prohibit any form of discrimination or harassment based on race, color, age, religion, sex, natural origin, disability, veteran status, genetic information or any other protected status under applicable state, federal, or local law. Such practices are an imputed responsibility of all OTC employees. OTC embraces the LGBTQ community and also strives to facilitate seniors and disabled persons in the workplace. The envisioned confluence of diverse employees and patrons obligates OTC to adhere to a strict non-discrimination policy, which discourages intentional and unintentional discrimination in the workplace. OTC's detailed anti-discrimination policy is featured in the Employee Handbook all hires receive.

Equal Opportunity Employment: OTC is committed to equal employment opportunities for all persons, without regard to race, color, national origin (including language restrictions and possession of a driver's license issued under Vehicle Code §12801.9), ancestry, religion, (including religious dress/grooming practices) age, mental/physical disability, veteran status, military status, medical condition, sex (including pregnancy, childbirth, breastfeeding, and related medical conditions), marital status, denial of family and medical care leave, sexual orientation, gender, gender identification, gender expression, genetic characteristics, or any other consideration based on applicable law. OTC also pledges to maintain compliance with federal Genetic Information Nondiscrimination Act (GINA).

Reasonable Accommodation: OTC complies with requirements of the California Fair Employment and Housing Act ("FEHA") and the Americans with Disabilities Act ("ADA") and will reasonably accommodate a qualified individual with a physical or mental disability impairment.

Discrimination and Harassment: OTC is committed to providing a work environment free of unlawful discrimination, harassment, retaliation and disrespectful or other unprofessional conduct. This policy applies to all persons involved with OTC and prohibits intentional and unintentional discrimination and harassment by any employee, including supervisors and managers, as well as interns, volunteers, vendors, customers, independent contractors, suppliers, and/or any other third party that interacts with employees.

Lactation Accommodation: Our family-friendly policies and benefits supports breastfeeding mothers by accommodating mothers wishing to express milk during their workday when separated from their children.

B.5. LIVING WAGE

OTC is committed to exceeding Living Wages to make an immediate economic impact in Healdsburg. Financial empowerment is a foundational labor and employment practice for all our cannabis stores. We currently pay all employees' wages over 200% of the Federal Poverty Level and 102% above local living wage rates and we are replicating this commitment in Healdsburg. According to 2023 Poverty Guidelines, the Federal Poverty level for a family of two is \$19,720 making 200% of the Federal Poverty Level equivalent to \$39,440. OTC compensates full-time hourly employees at or above \$41,000 depending on roles and responsibilities, which is over 208% of the Federal Poverty Level. The MIT Wage Calculator has assigned a living wage to Sonoma County at \$21.14/hour. OTC's compensation plan goes beyond local and federal mandates to **compensate all employees at a minimum wage of \$21.50/hour**. This translates to annual payroll of **\$1,087,928** once we reach full capacity.

Salaries are set within a range that corresponds to specific jobs and are based on competency and performance. Beyond base compensation, current employees are provided a range of comprehensive benefit plans that give them and their families an opportunity to create benefit packages that meet their specific needs. Hourly employees can earn up to \$500 per month based on sales performance, while salaried employees can earn \$10,000-\$15,000 in performance-based bonuses annually. We make these same offerings to all employees at all our locations and adjust any plans to make sure our team's needs are met.

Promoting From Within: Management Opportunities and Wage Increases: OTC is committed to our employees and believes all staff should be provided with opportunity for advancement within our company. These opportunities not only bolster our employee's overall career trajectories, but importantly, they give employees the opportunity for



heightened pay well beyond the living wage standard. We have promoted various employees to higher ranking positions since commencing operations at our locations in Vista, both of our Palm Springs locations, Winterhaven, Van Nuys, and Crenshaw. Not only do we seek to promote internally, but we also have specific diversity goals in hiring and promotion for all management level positions. All staff is considered for raises and promotions during yearly reviews based on performance, competency, training, continued education, and employment tenure. Raises and promotions awarded to staff with anniversary dates that fall before yearly reviews receive back pay. Staff must have worked in their current position/pay rate for at least 6 months at the time of performance reviews to qualify for a performance-based promotion or raise. OTC has had a voluntary attrition of less than ten percent (10%) since opening, which we believe is a result of our commitment to competitive wages, on-going training and development, as well as career advancement opportunities for all employees.

Employee Stock Ownership Plan: OTC also features an equity-vesting program that provides key staff and management with opportunities for ownership, as such opportunities become available under local and state law. Specifically, our employee stock ownership plan (ESOP) incentivizes employees to mature into long-term owner-partners of the OTC family. ESOPs will have vesting restrictions and will require a minimum of a year of employment before stock options begin to vest. Stock Ownership Plans remain valid and are transferable if staff decides to transfer to another OTC location. Our program is structured in a way that prevents any dilution of ownership to comply with Local Ownership rules.



OFF THE CHARTS



SECTION C: SECURITY PLAN





C.1. QUALIFIED SECURITY PROFESSIONAL

C.1.A. ARMORTECH SECURITY – SAMUEL YADOR

Samuel Yador
Security Consultant
ArmorTech Security
California License # PPO 199899
Phone # 646-842-8387 (Mobile)
Email: Syador@armortechinc.com



July 28th, 2023

To the City of Healdsburg:

Security Consultant Experience

To Whom It May Concern:

As the designated security consultant/representative/liason to the City of Healdsburg on behalf of Off The Charts (OTC), I've been tasked in the preparation of the attached Security Plan for your review and consideration. Per your request, this Security Plan has been condensed to meet Phase 1 and 2 requirements for consideration. A detailed plan will be submitted as required for processing and evaluation upon award of licensure.

The complete Security Plan will not only be used as part of the qualifying documents for license application submission but will serve as the overall policy guideline that directs the development and implementation of an ongoing security operations plan for OTC. During any part of the screening and selection phases, I will be available to meet with the City Manager, the Healdsburg Police Department, the Sonoma County Sheriff, or their designees, regarding any questions arising from our security measures and/or concepts.

During my service within the armed forces, my experiences provided me with an extensive background in military logistics, law enforcement, special operations support and multi-branch operations. In addition, I've developed numerous cannabis business Security Plans across all licensing types, which have since been submitted with cannabis business license applications. Having analyzed many cannabis businesses throughout multiple states, I've been fortunate to witness the success and failures of many firsthand; proving myself with a solid framework to merge best security practices with operational business applications. Nevertheless, this Security Plan will serve as a living document; constantly evolving with the needs of the cannabis industry and the general public.

I look forward to working with the City of Healdsburg, Healdsburg Police Department and Sonoma County Sheriff on a long-term basis. Thank you once again for your time and consideration.

Sincerely,

Samuel Yador

Samuel Yador
ArmorTech Security

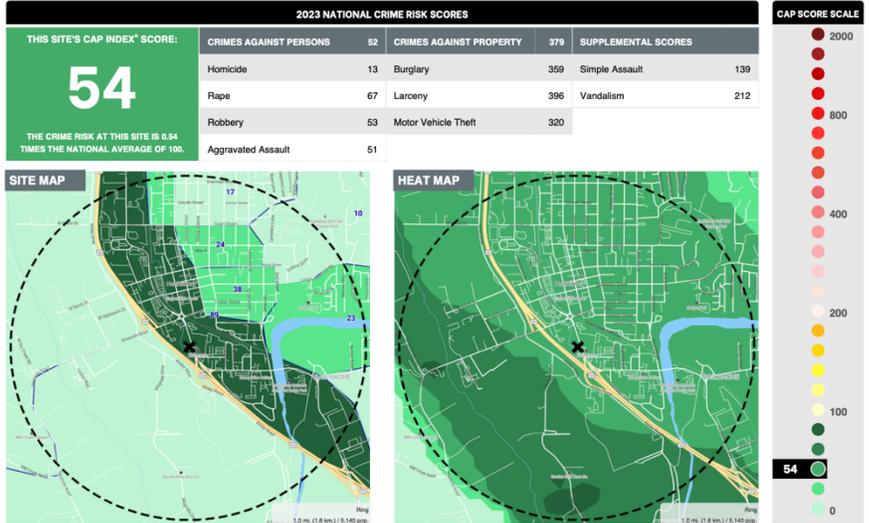


C.1.B. CRIMECAST RISK ANALYSIS

We have partnered with security risk analysis experts Crimecast to ensure we have a baseline understanding of the immediate area surrounding our facility and to maximize the effectiveness of our perimeter security SOPs. The CAP Index Scoring System uses sophisticated forecasting techniques that combine demographic and business statistics with crime and loss data to calculate crime risk. CAP Scores range from 0 to 2000, with 0 representing the lowest risk and 2000 the highest; 100 is average. The adjacent diagrams depict the likelihood of certain crimes within a one-mile and three-mile radius from our location of 129-133 Healdsburg Ave 95448. This includes Crimes Against Persons, such as homicide, robbery, aggravated assault, and rape, along with Crimes Against Property such as burglary, larceny, motor vehicle and vandalism. The **Site Maps** show the Block Groups Score for each neighborhood surrounding a given location and depict potential origin of criminal activity occurring at the location. These are broken down between various United States Census Bureau block groups, with each one typically containing thousands of residents with similar socioeconomic characteristics and associated numeric risk scores with corresponding risk shading. The **Heat Maps** provide an alternative view of the risk of crime within the map window. Crimecast Heat Maps are developed by calculating the CAP Index® Scores for every point on the map and then shading its corresponding risk level. *The proposed location's scores of 54 and 54 represent a significantly lower-than-average propensity for crime to occur within a one-mile and three-mile radius of the facility respectively.* These are the lowest Crimecast scores out of any of our existing or proposed commercial cannabis locations in California, and we are confident in our Security Plan's effectiveness and alignment with this proposed location. Even despite the lower-than-average crime risk, it is imperative that we maintain awareness of the overall neighborhood's composition and how we fit into the overall security paradigm of the neighborhood and community. Our Security Plan incorporates various security systems and protocols that have been specifically designed in alignment with Crimecast's neighborhood analysis and perceived areas of threat.

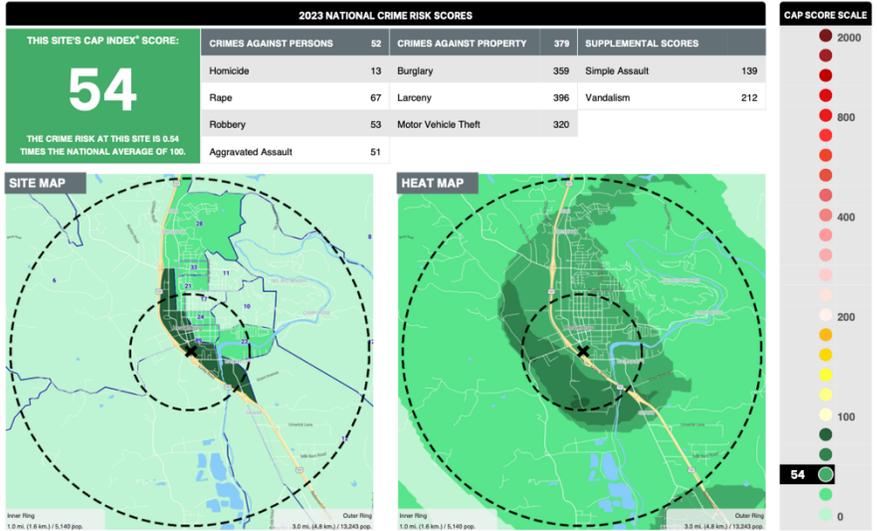
MAX-1 SUMMARY PAGE

SITE NAME: OTC HEALDSBURG
ADDRESS: 129 HEALDSBURG AVENUE, HEALDSBURG, CA 95448



MAX-3 SUMMARY PAGE

SITE NAME: OTC HEALDSBURG
ADDRESS: 129 HEALDSBURG AVENUE, HEALDSBURG, CA 95448

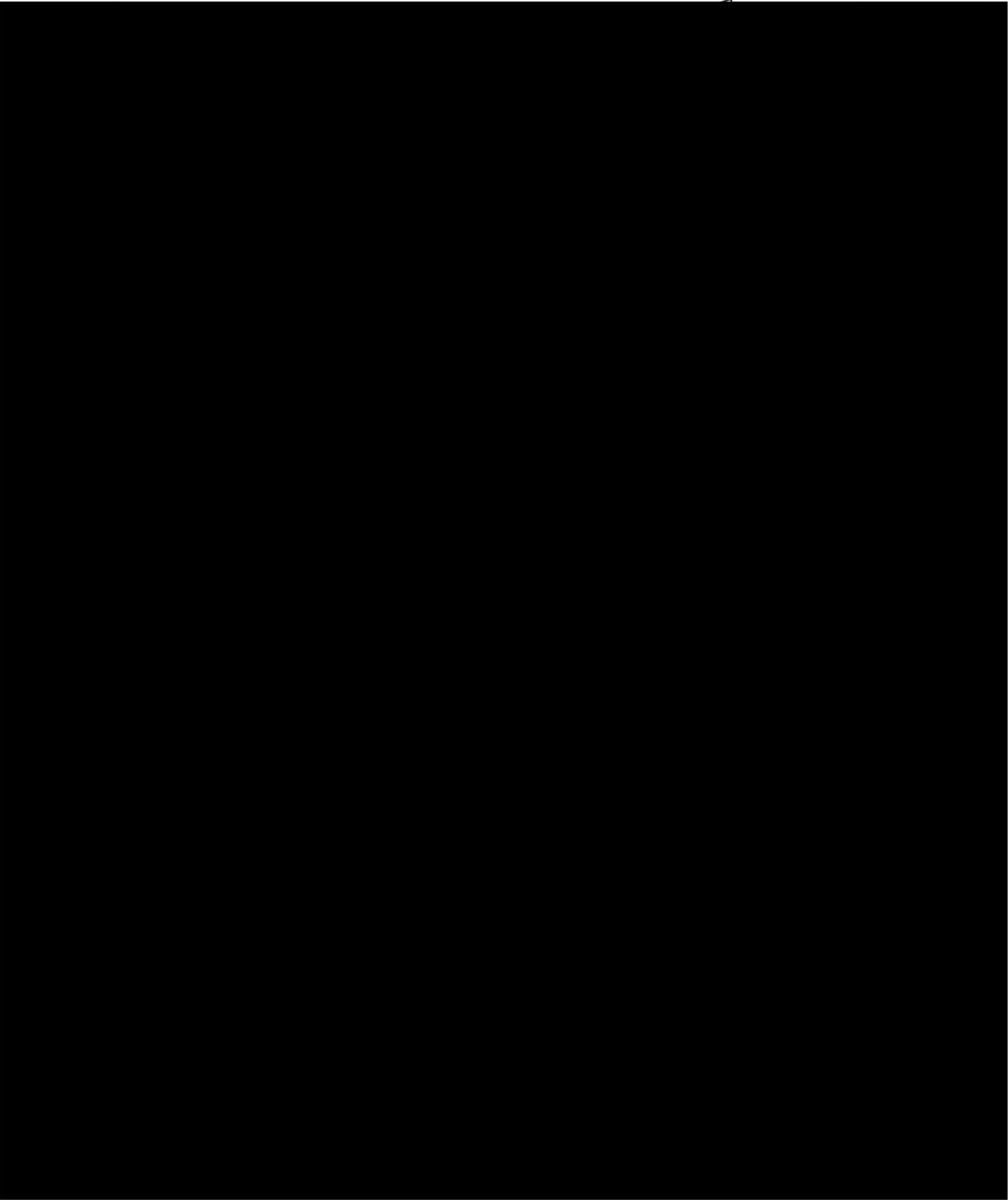




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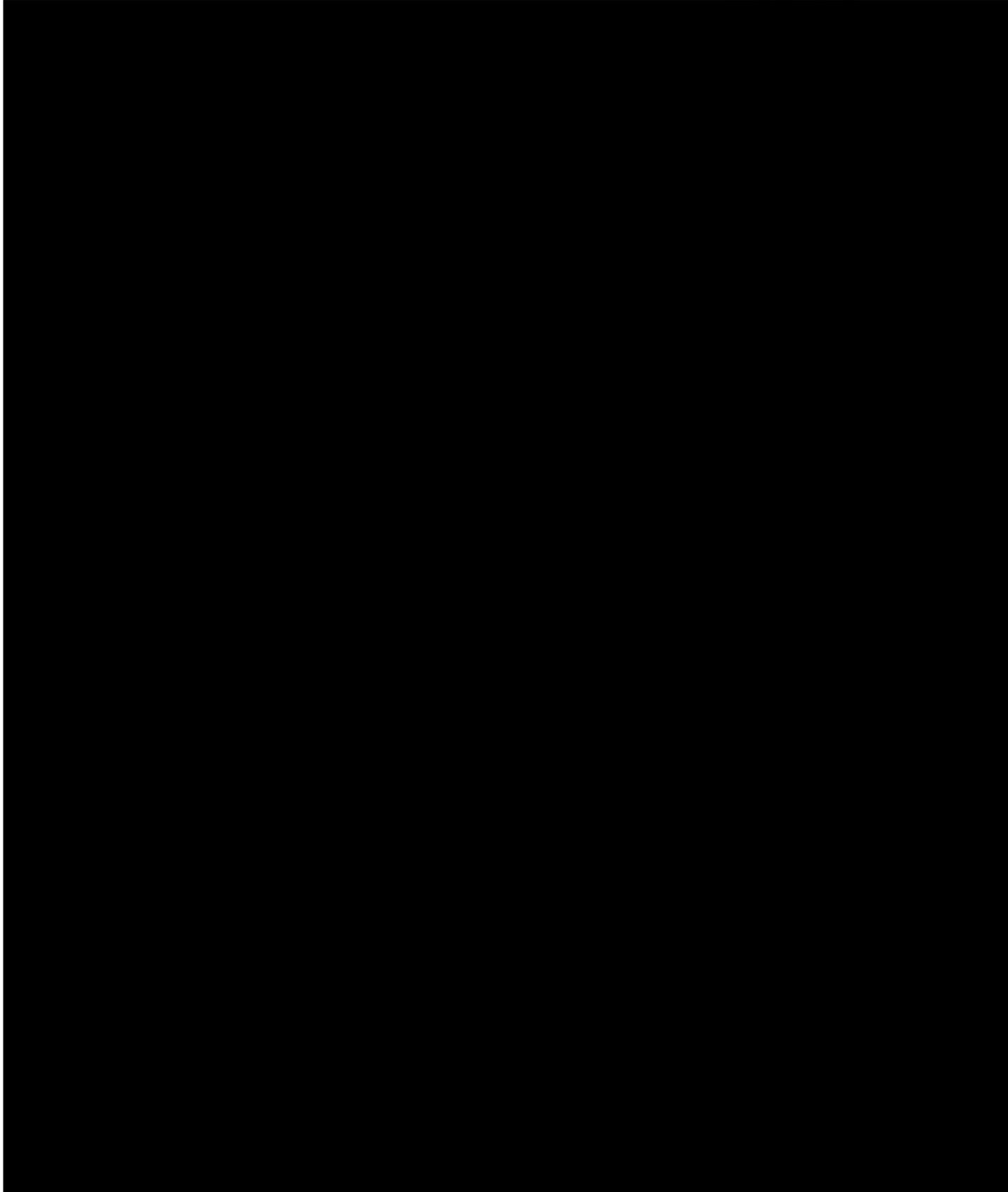


C.2. PREMISES SECURITY DIAGRAM



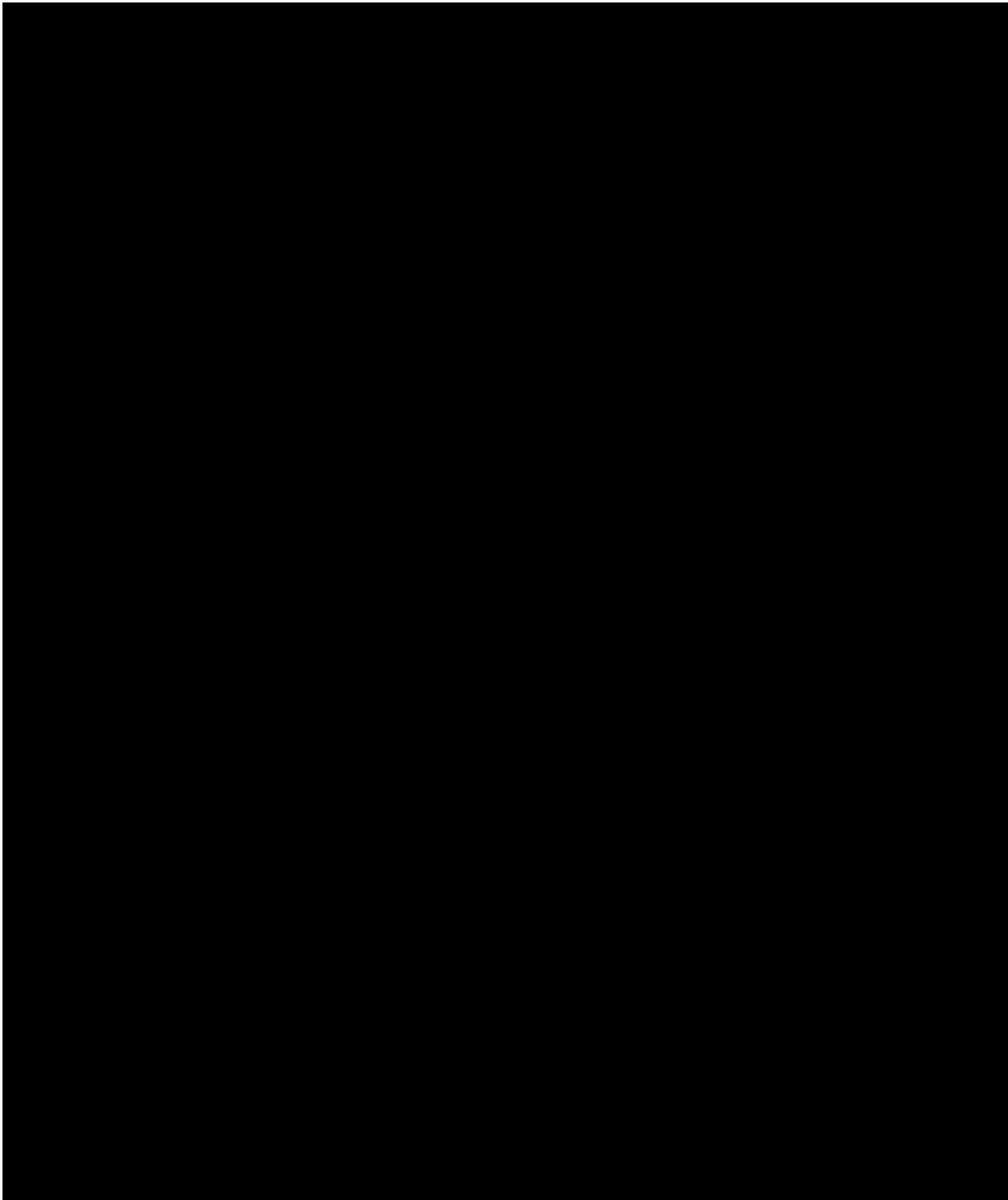


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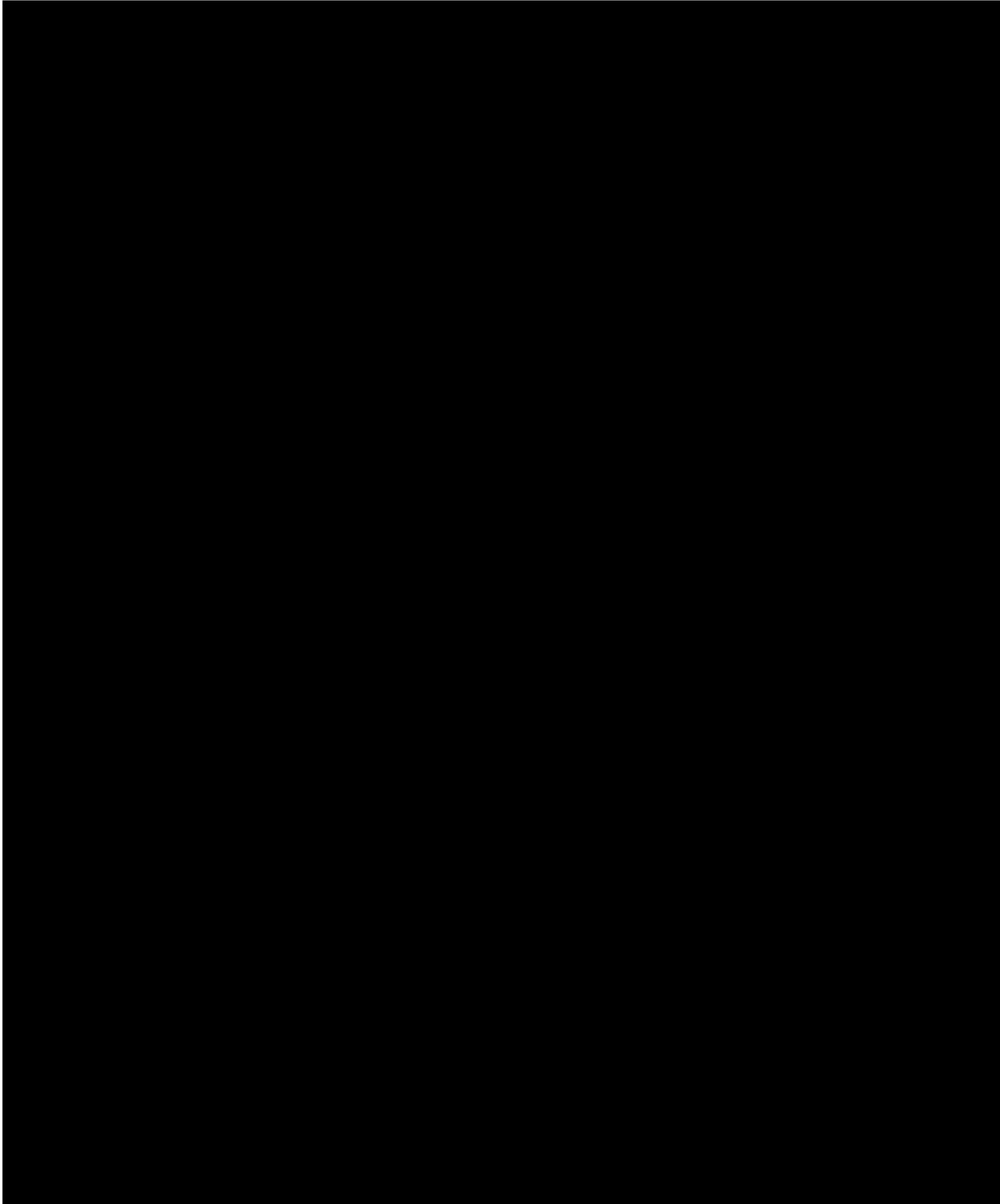


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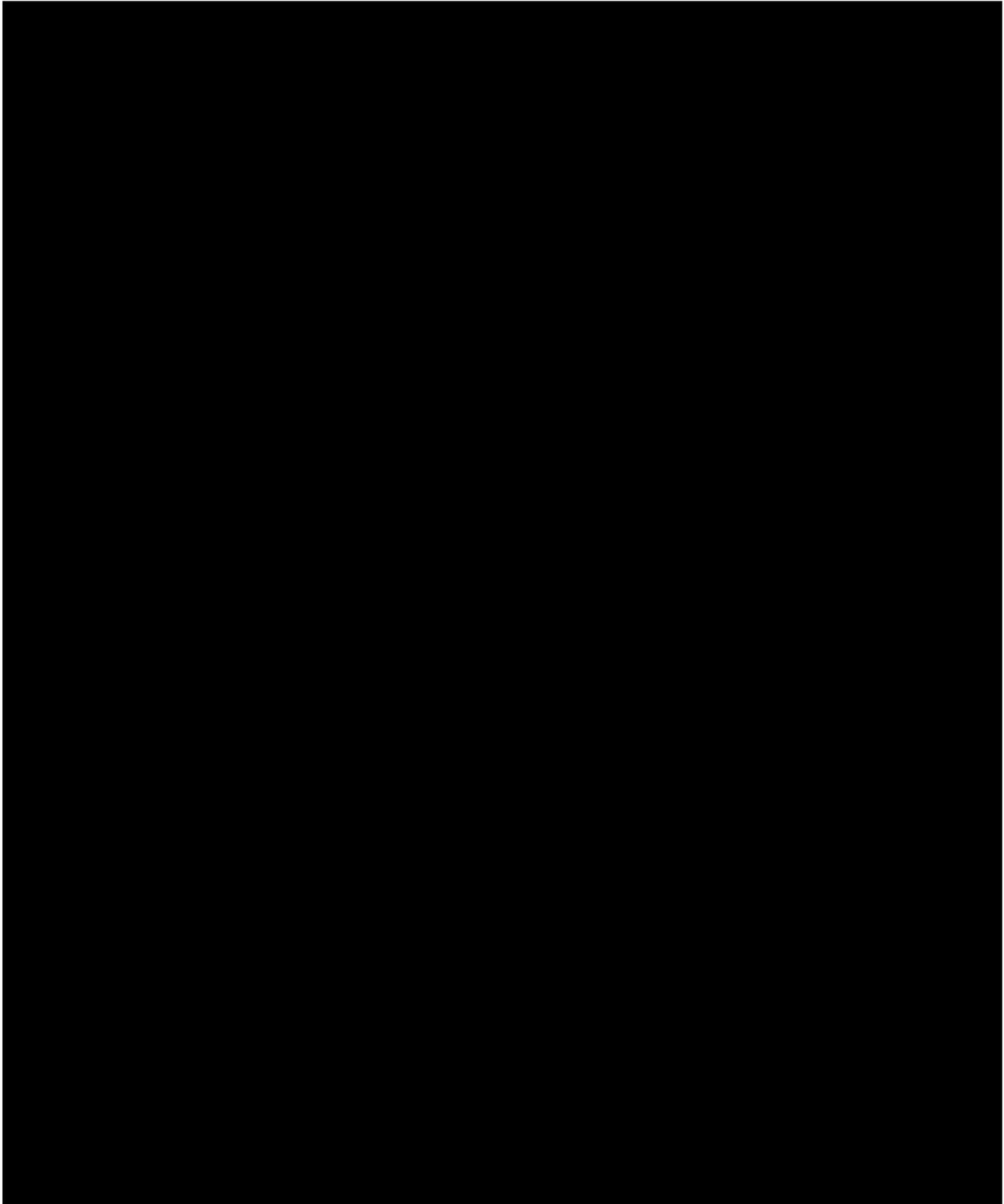


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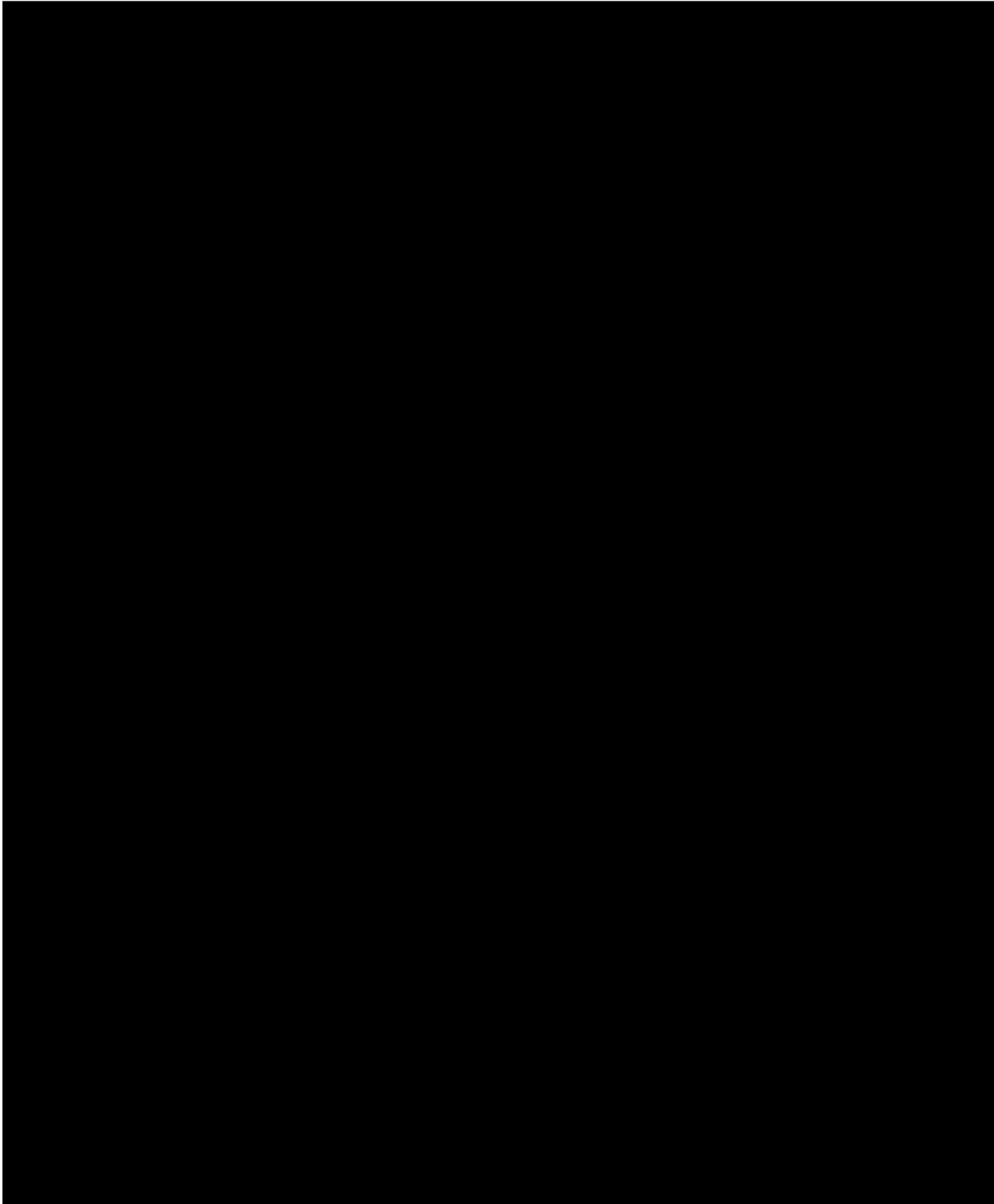


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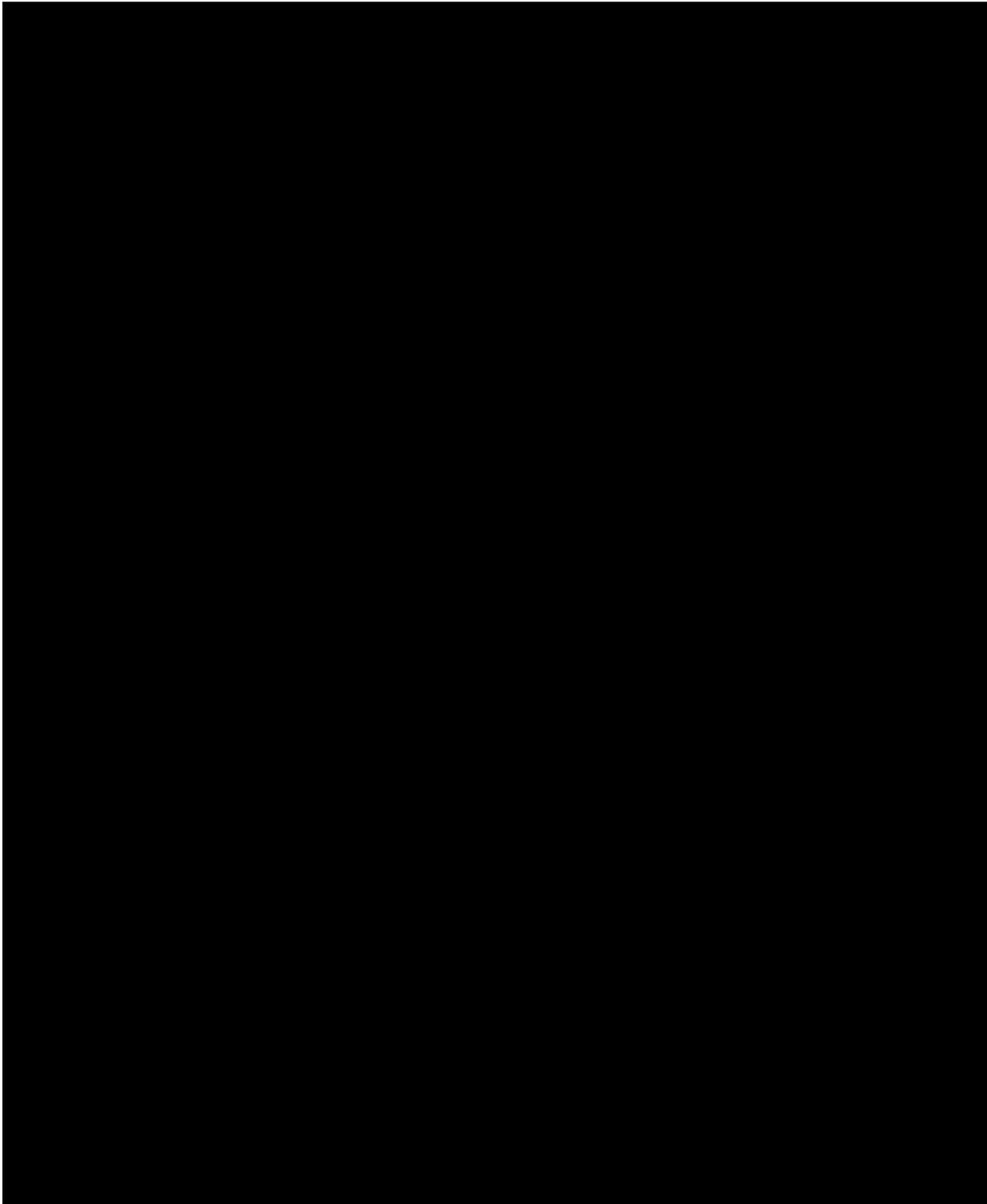


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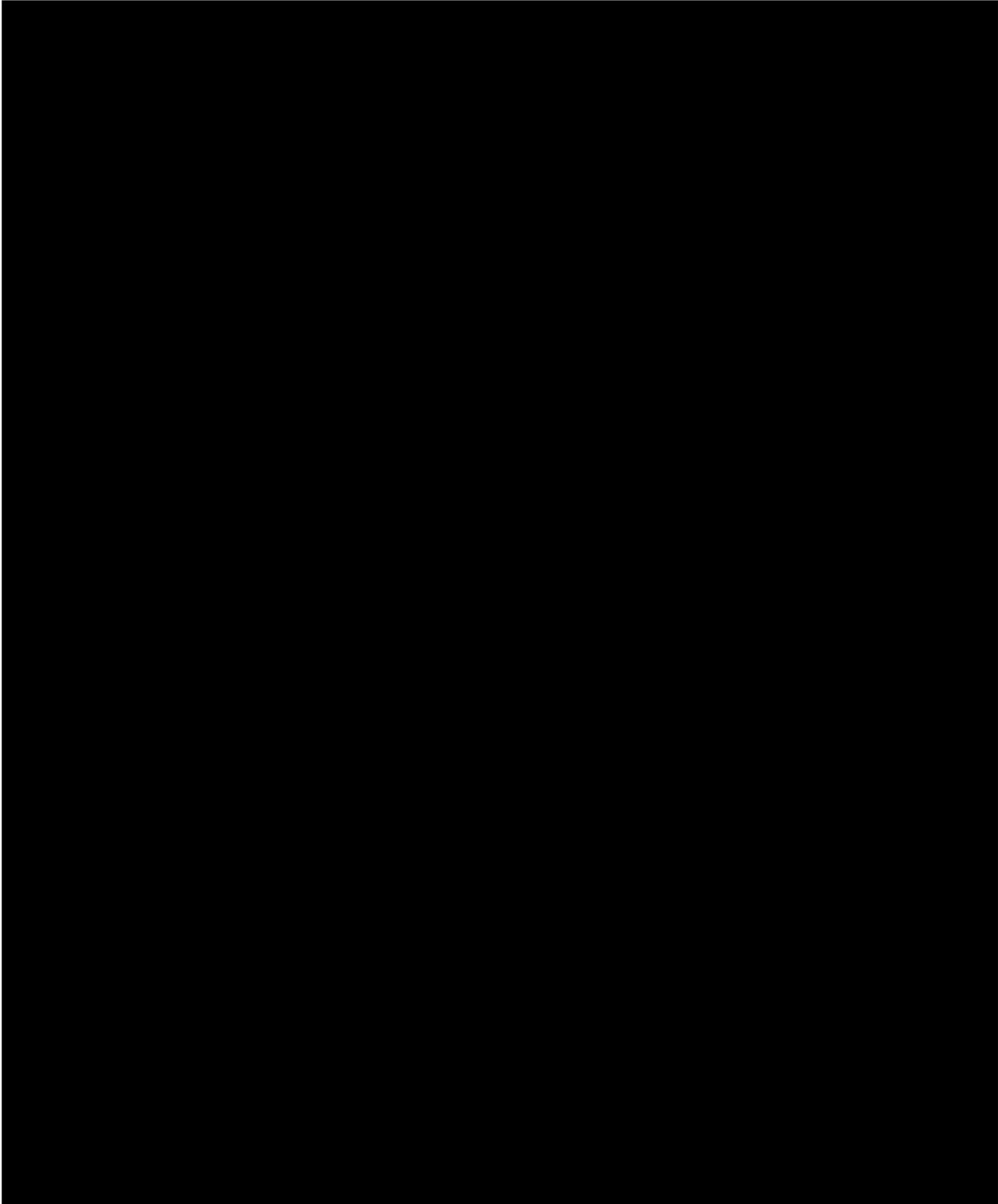


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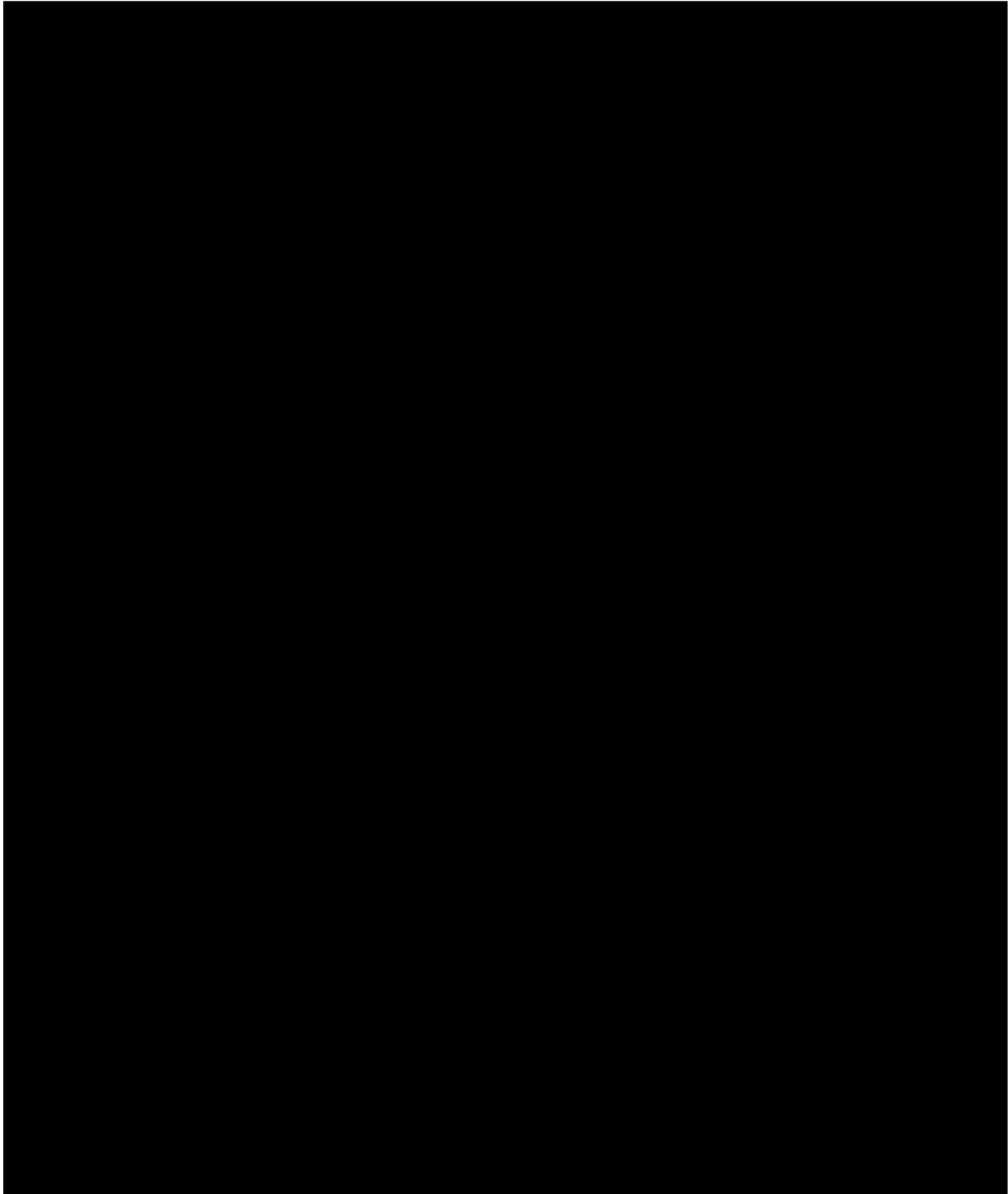


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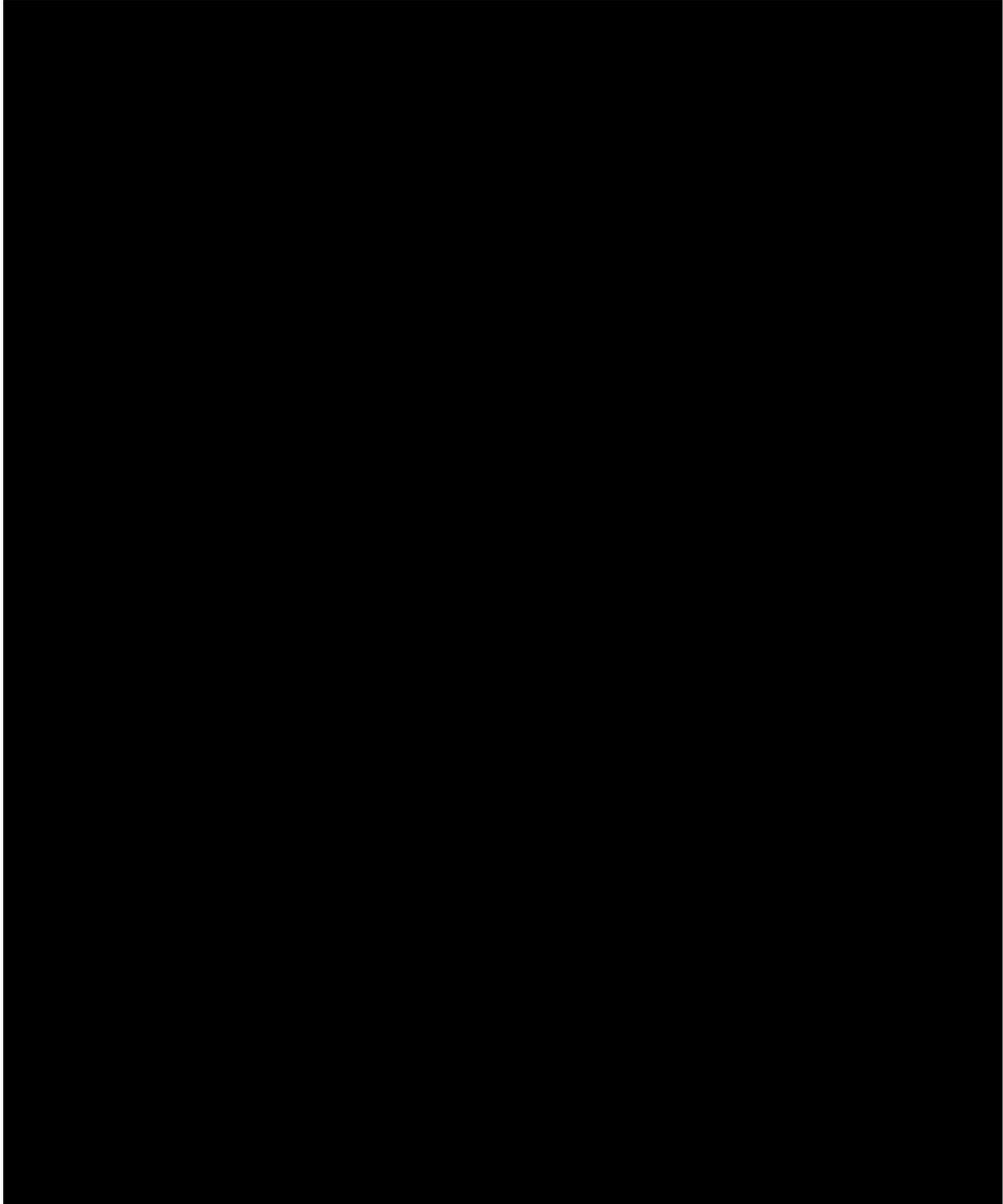


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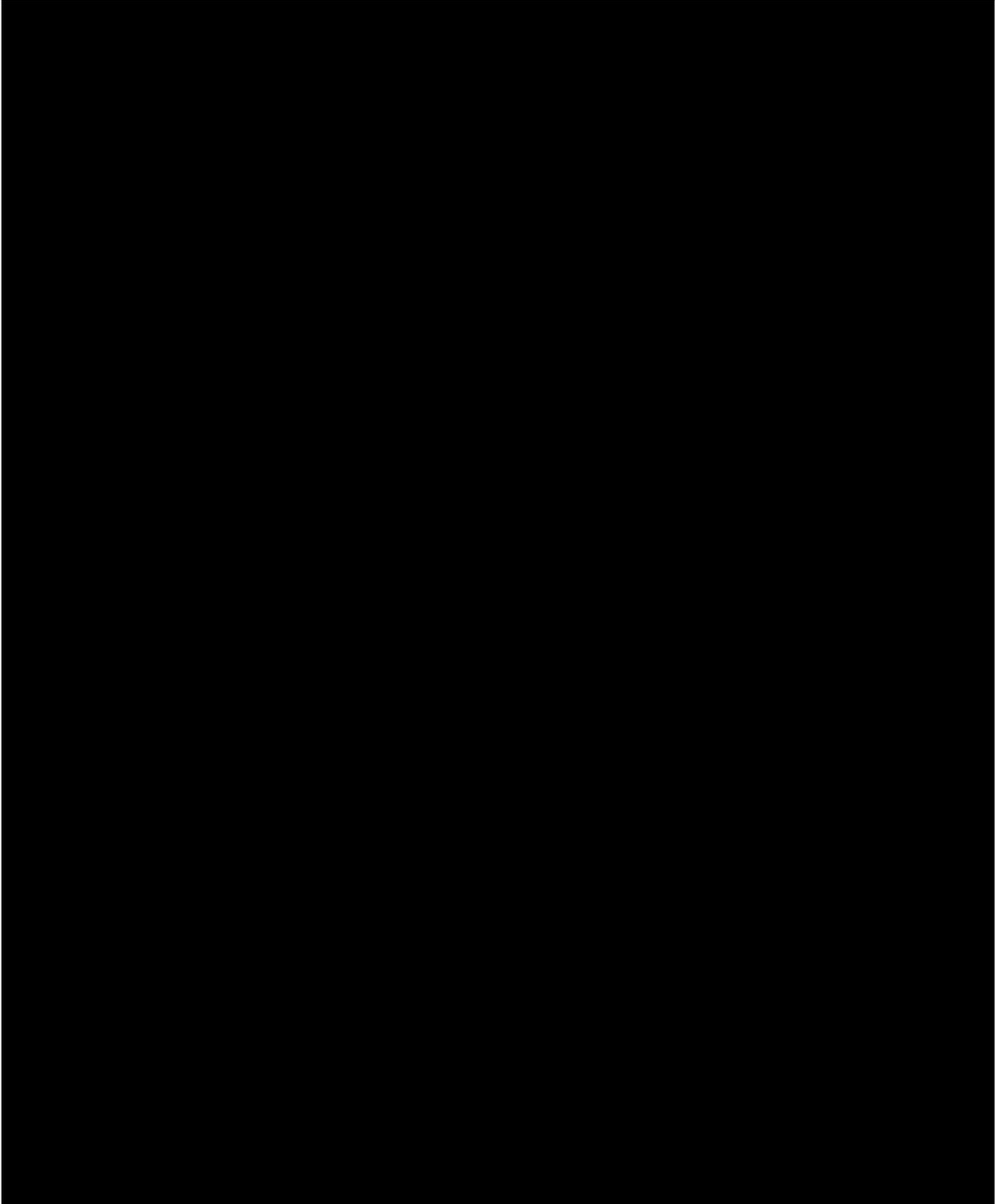


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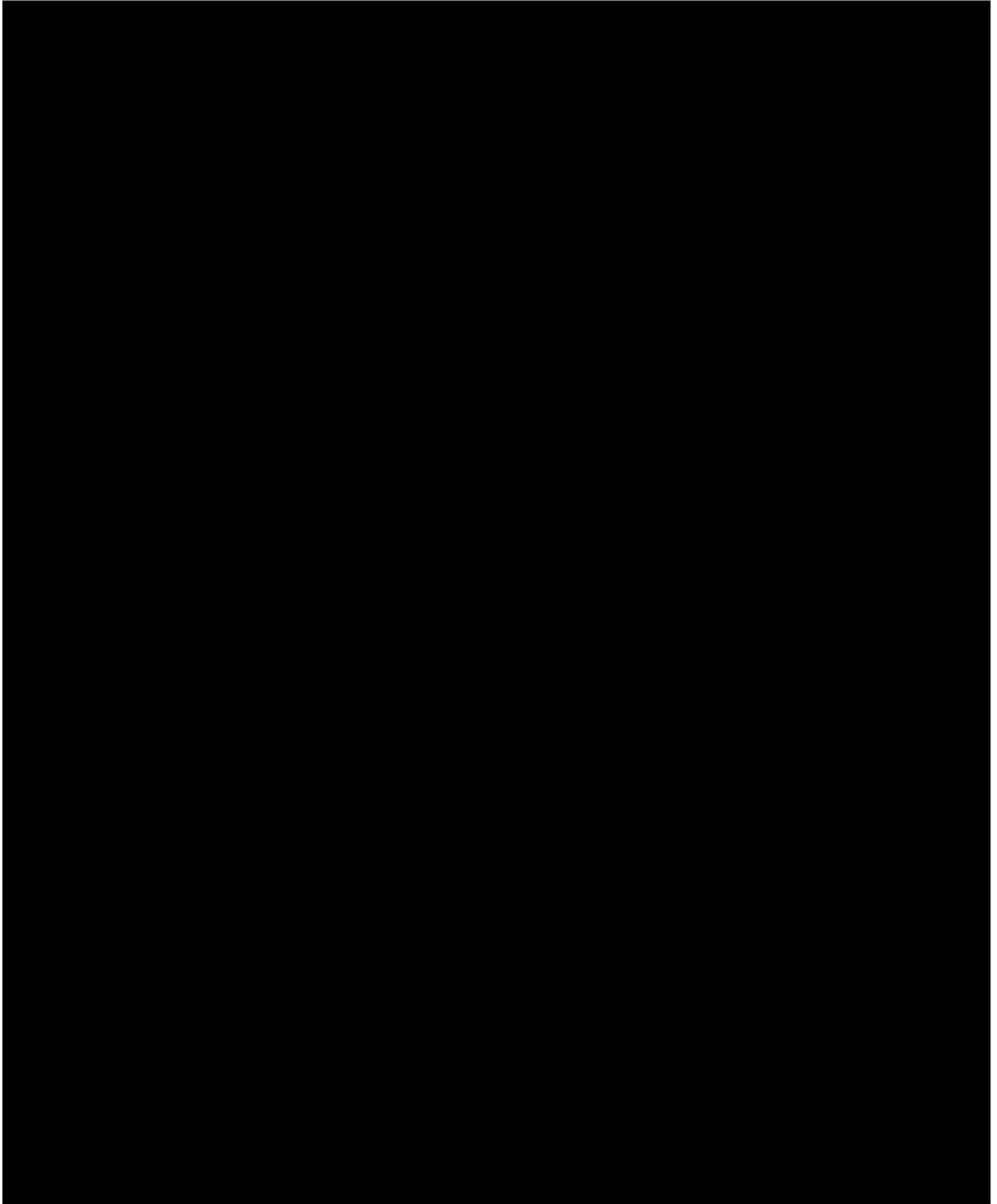


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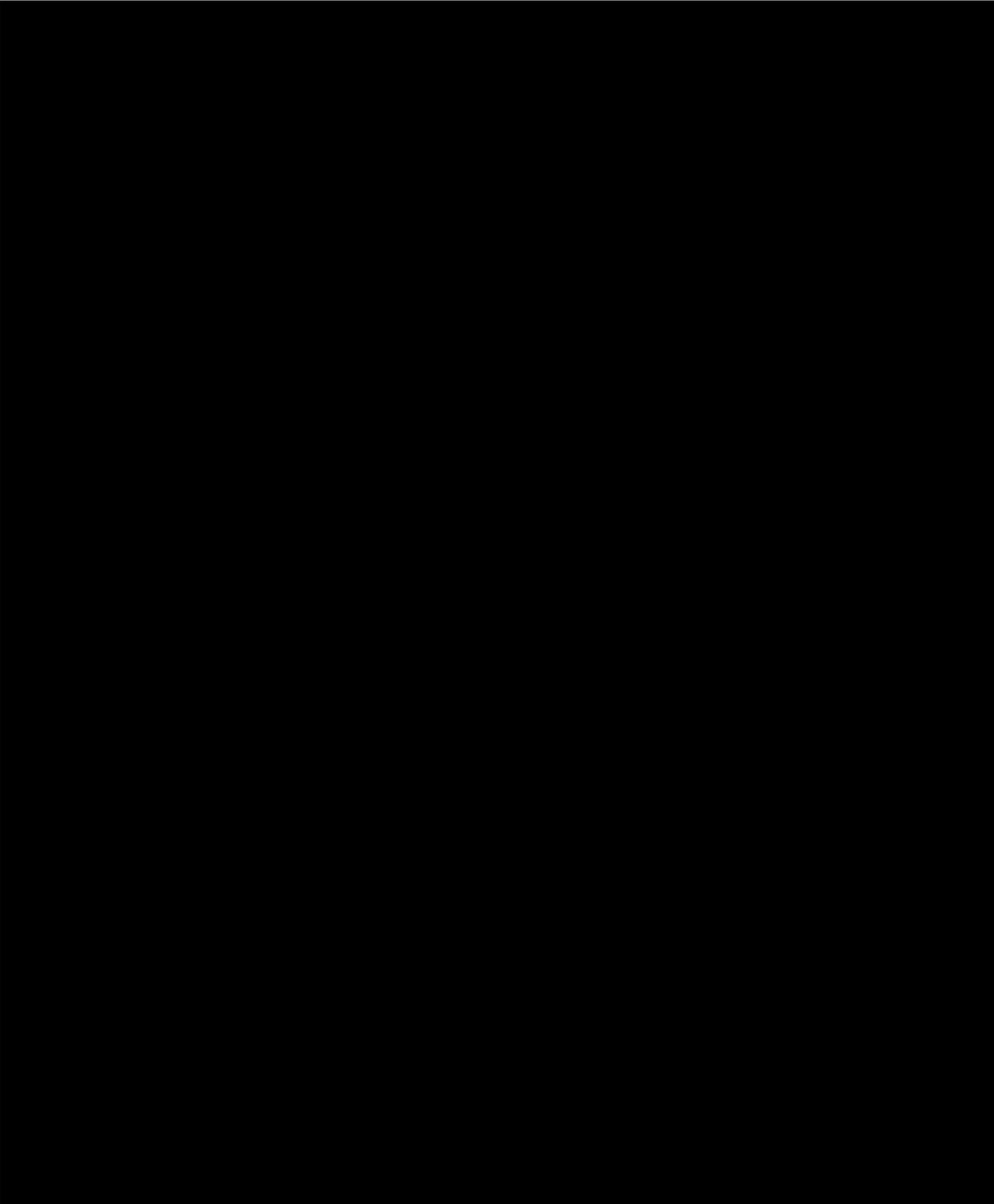


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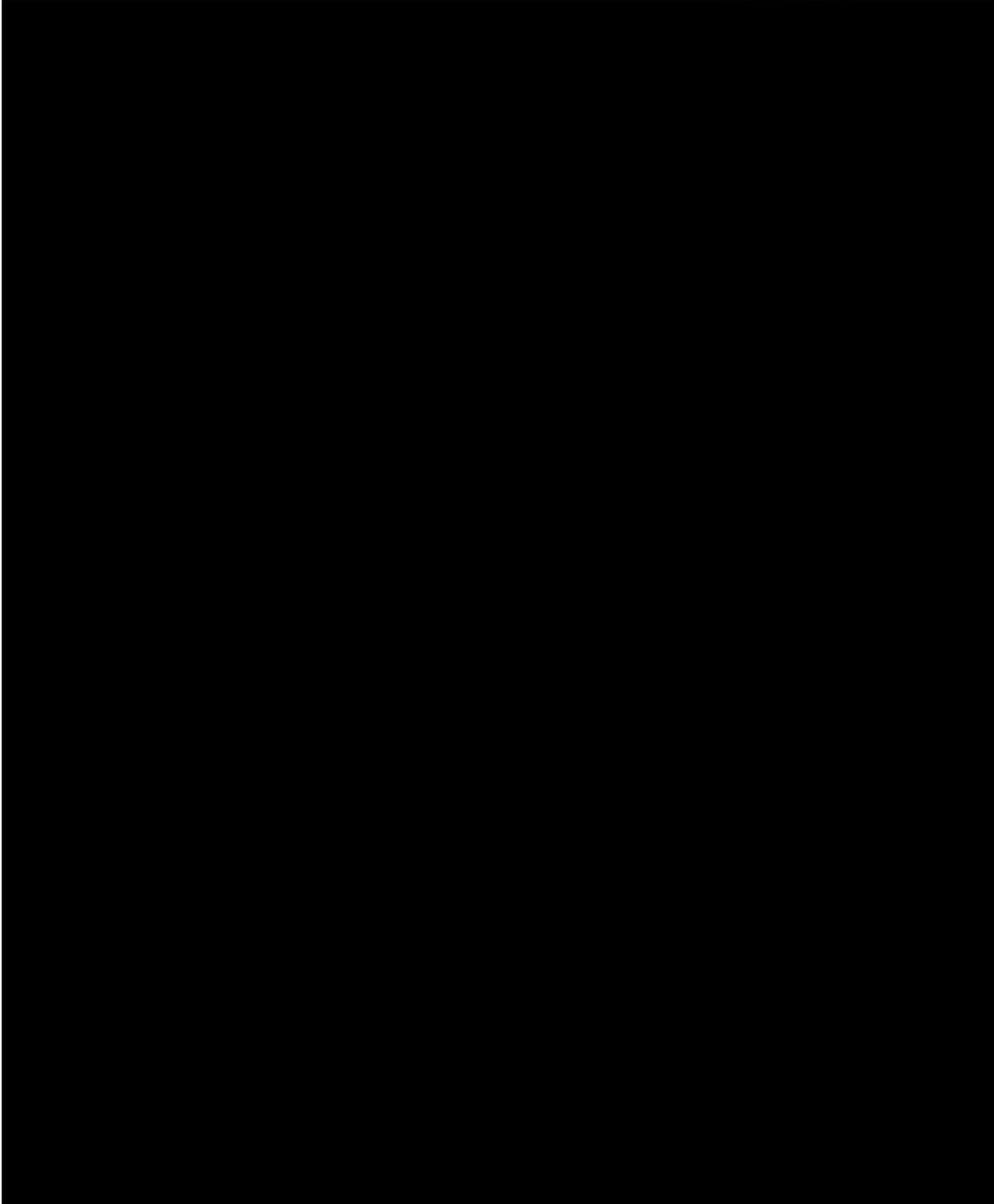


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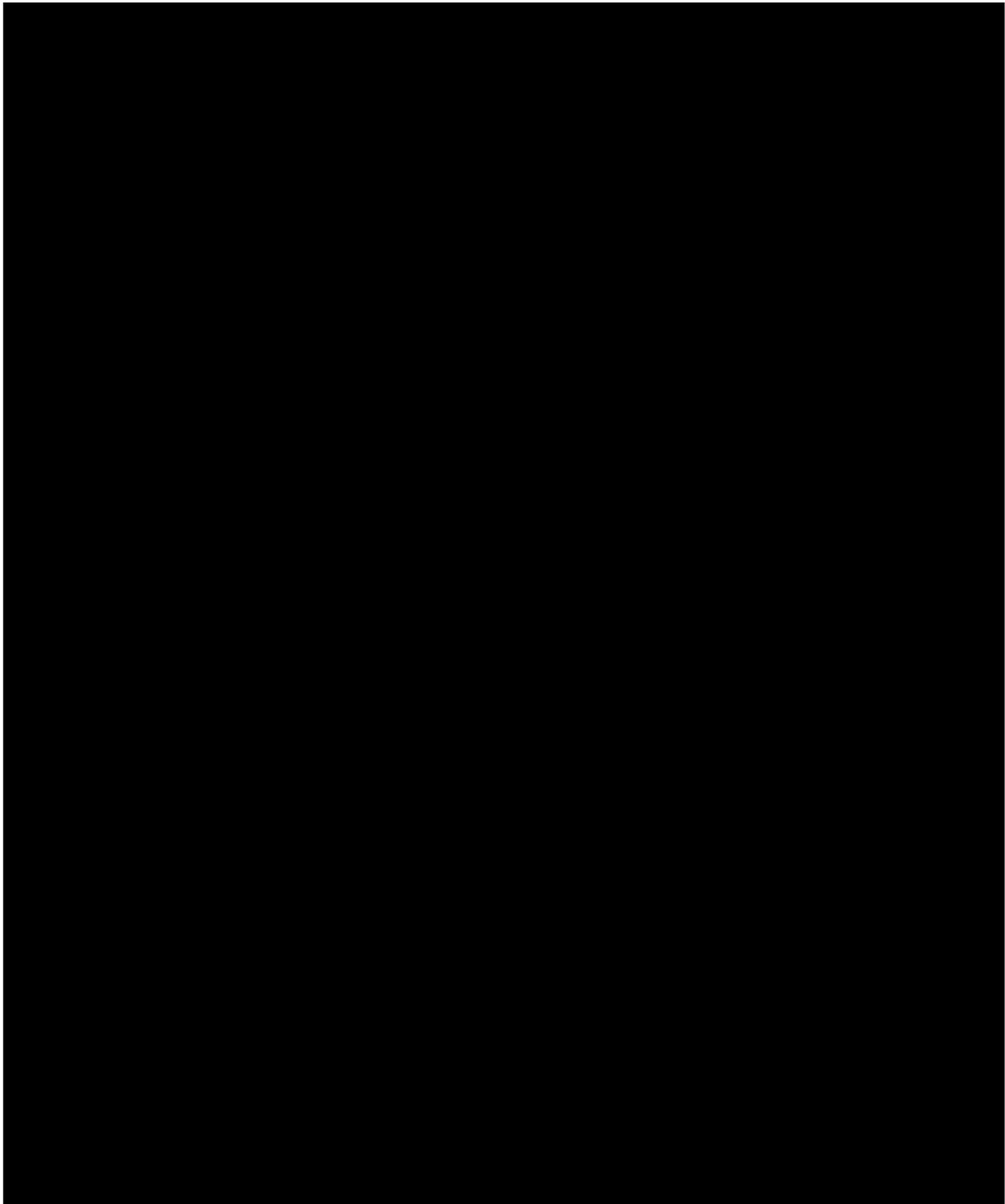


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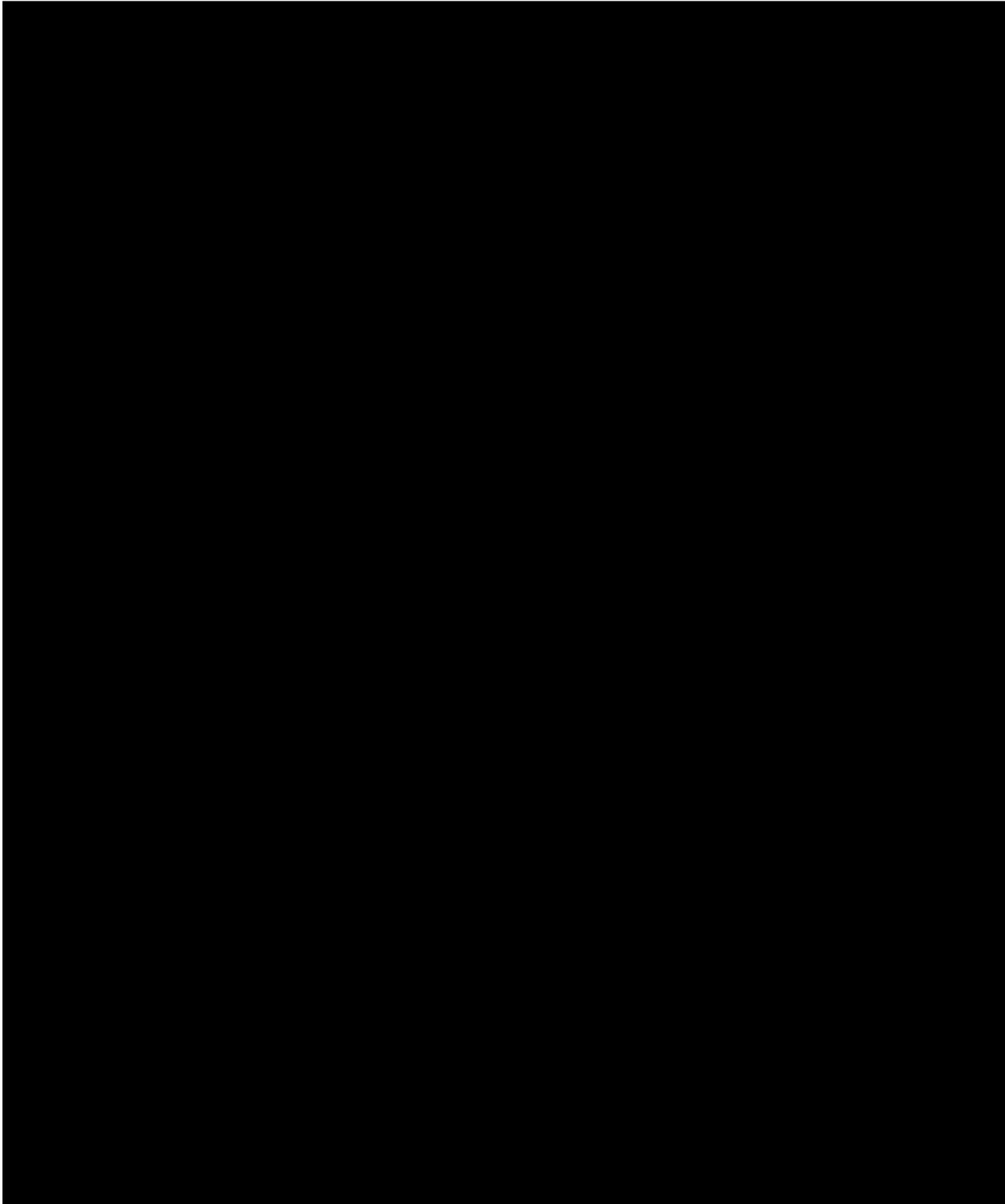


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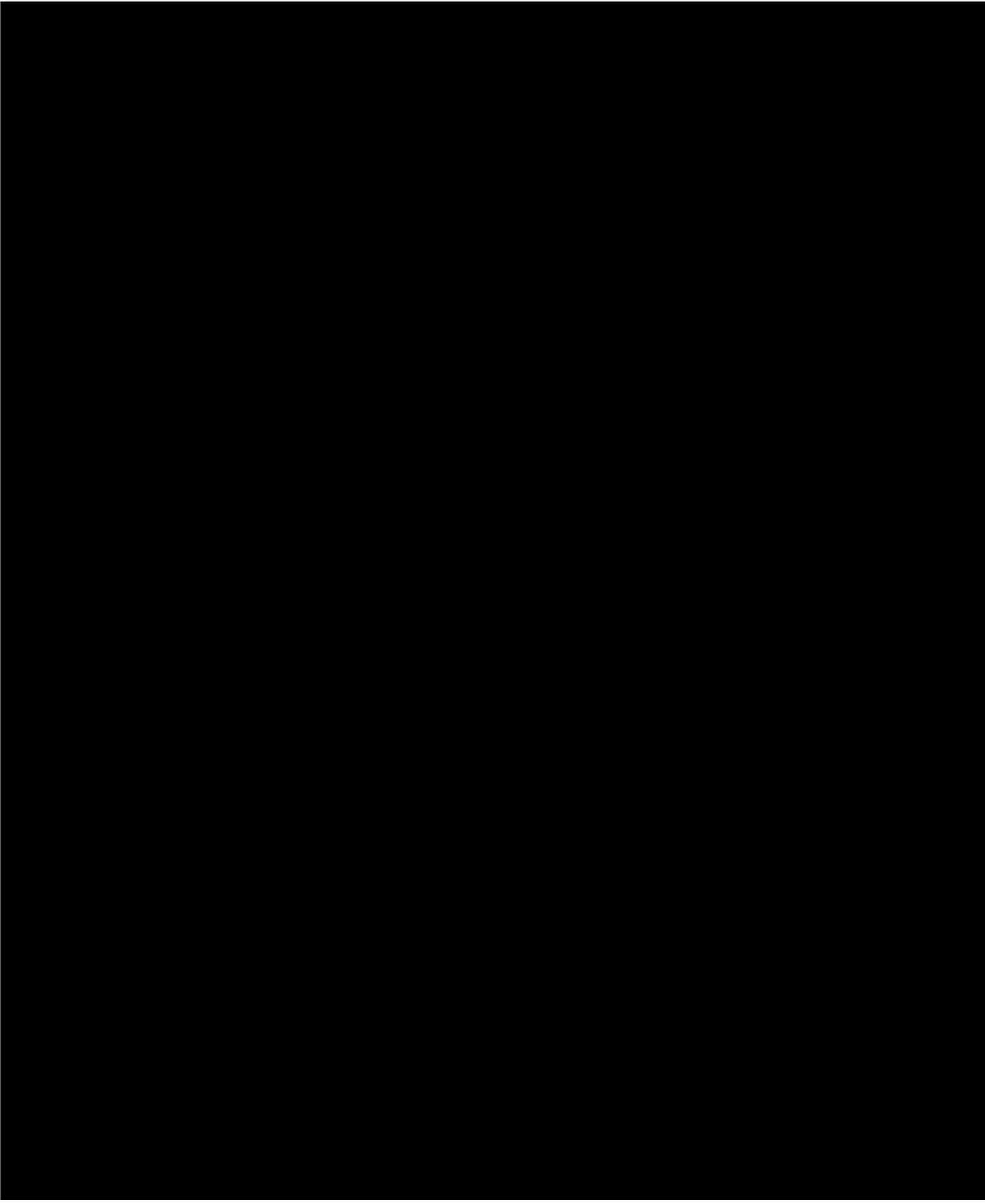


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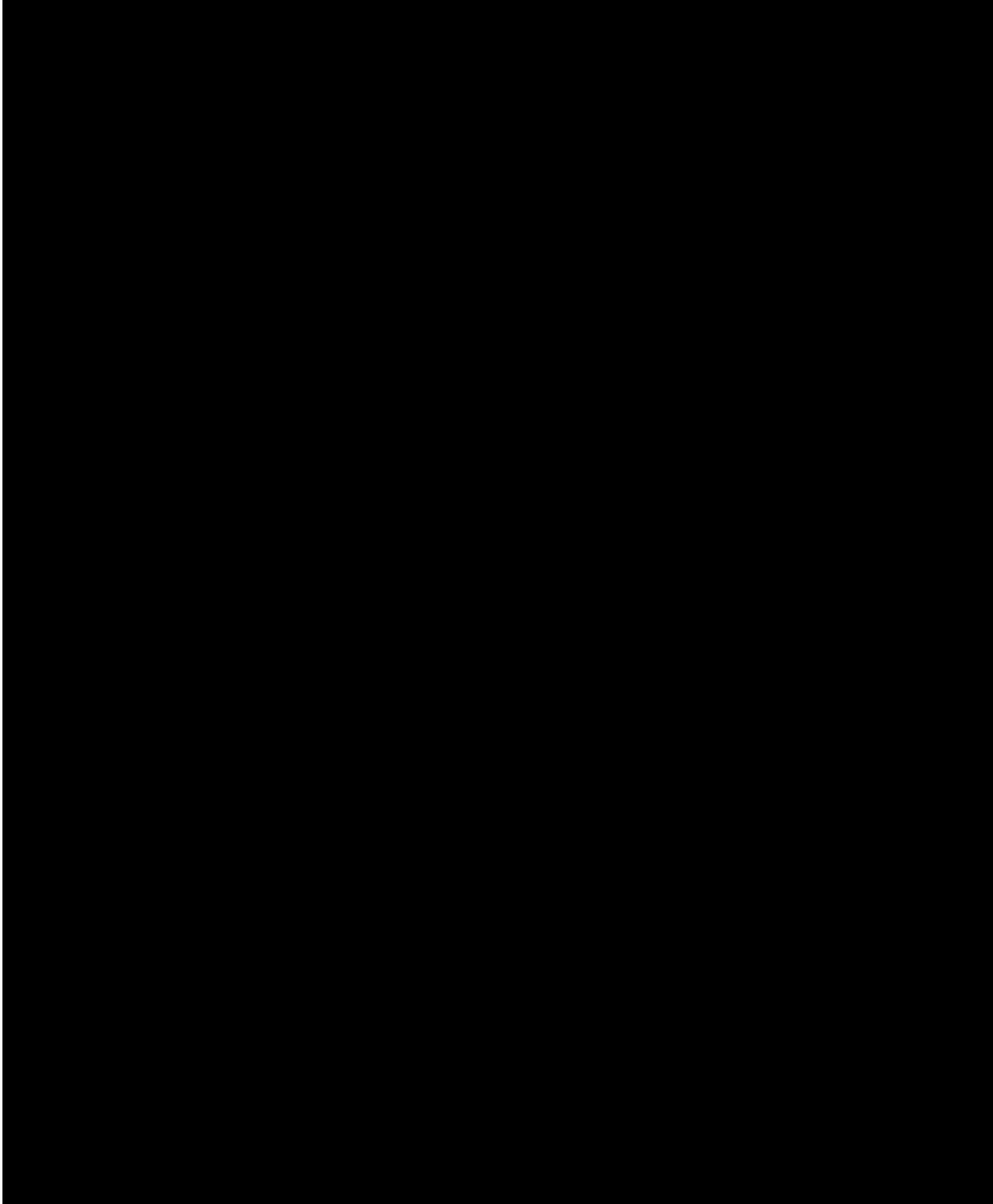


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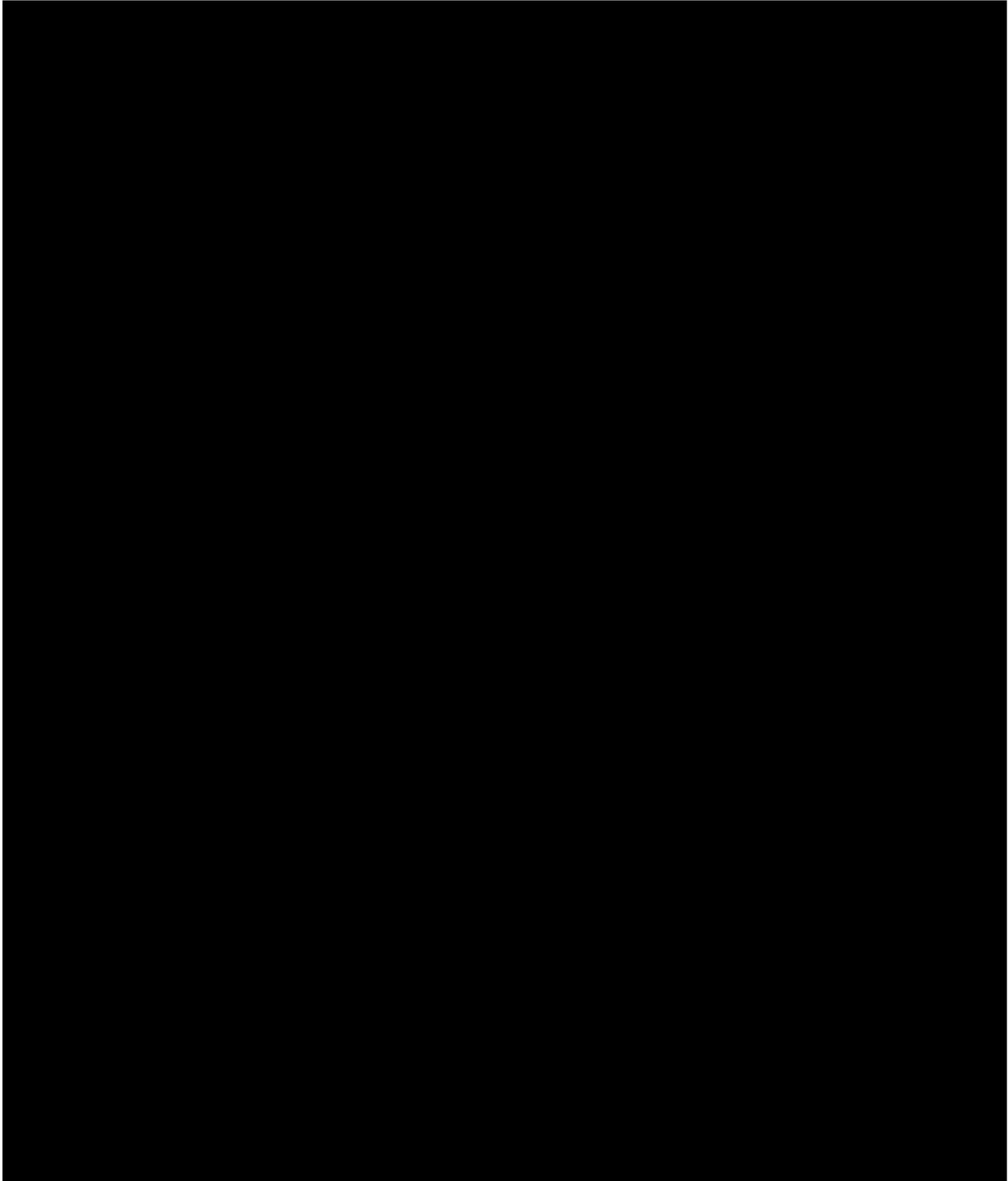


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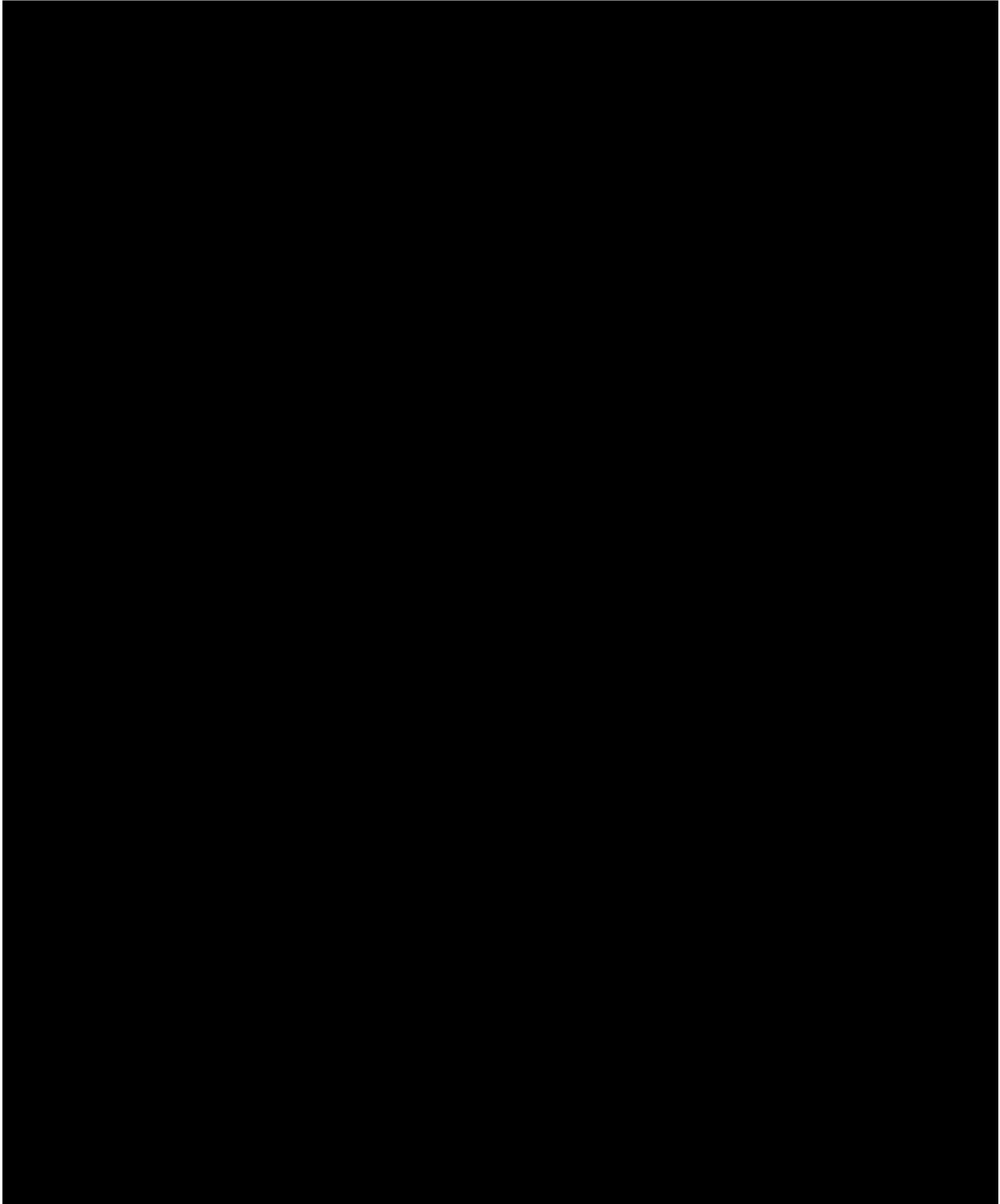


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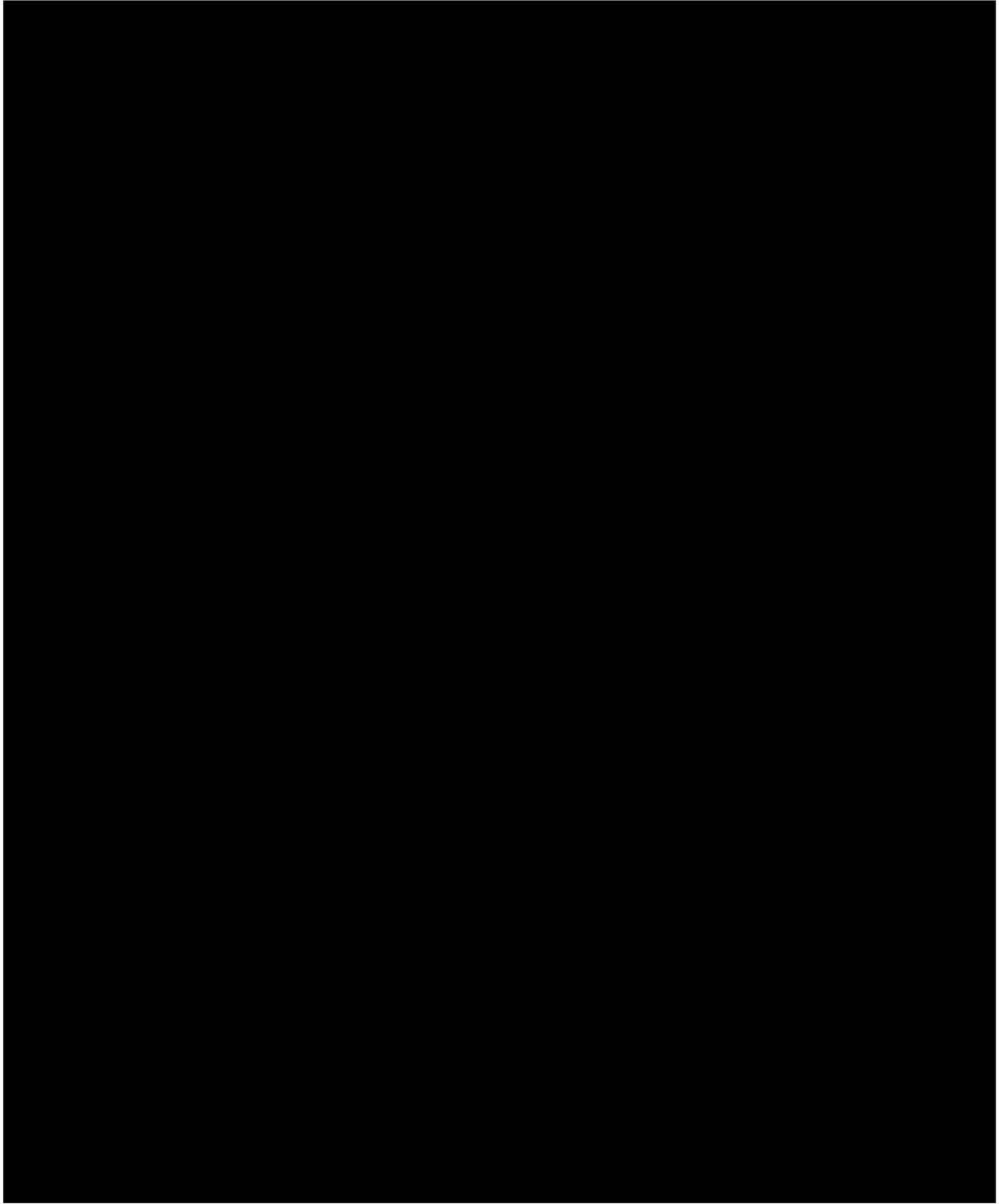


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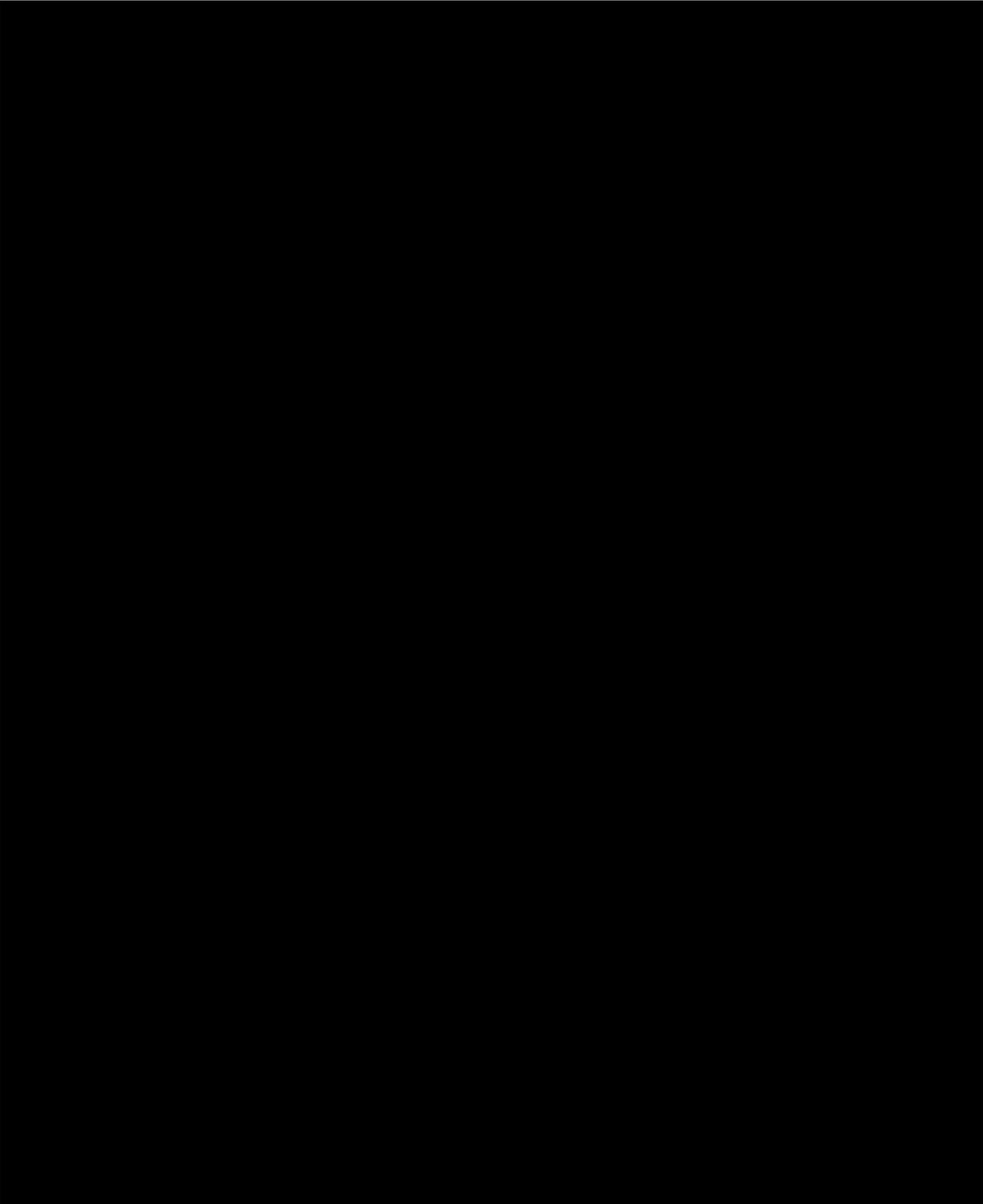


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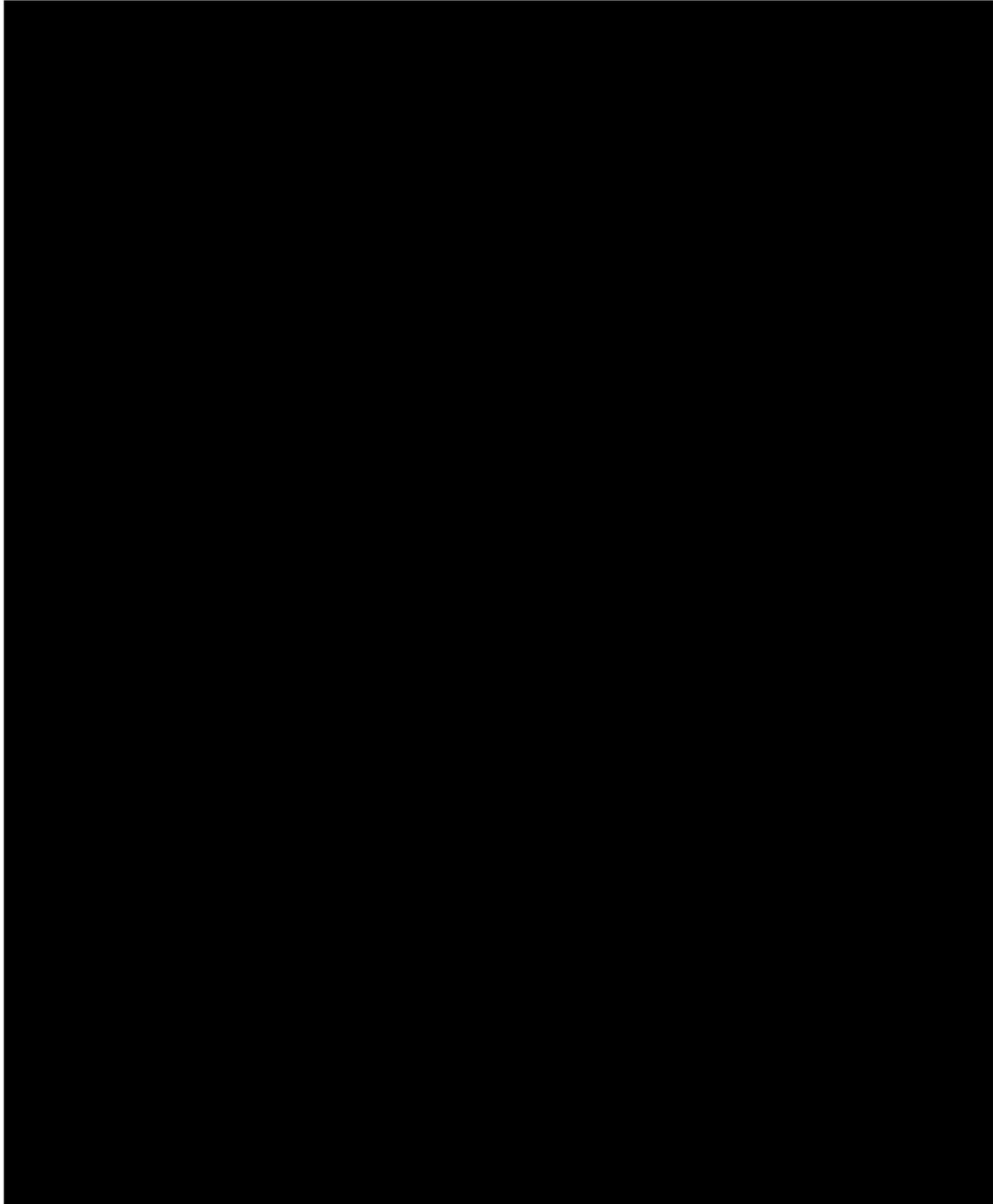


OFF THE CHARS





OFF THE CHARS





OFF THE CHARTS



MILL DISTRICT HEALDSBURG

SECTION D: QUALIFICATIONS OF OWNERS

**SECTION E: NEIGHBORHOOD
COMPATIBILITY PLAN**

**SECTION F: COMMUNITY BENEFITS &
EQUITY PLAN**

SECTION G: PROPOSED SITE PLAN





SECTION D: QUALIFICATIONS OF OWNERS

D.1. OFF THE CHARTS' PRIOR CANNABIS EXPERIENCE

Off the Charts (OTC) is a family owned and operated commercial cannabis consortium with licensed businesses across the state of California and soon-to-be operational businesses in six other states. The company began as a premier cannabis retailer with an organizational focus on health and wellness, product quality and the development of deep-rooted community connections all over Southern California. OTC has now evolved into a social equity-centric collection of businesses and eventual multi-state operator that conducts commercial cannabis activity throughout all areas of the supply chain, all while maintaining the same core values that contributed to the company's initial success. Our experience is exemplified by 40+ combined years of cannabis industry experience and combined years of professional experience overall.

OTC's first cannabis businesses opened in 2018 after the enactment of the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) and were concentrated in Southern California, with a retail storefront and delivery operation in Vista, CA, and two retail storefronts in Palm Springs, CA, one of which also has a consumption lounge and is subject to heightened regulatory scrutiny. OTC then developed a partnership with a group of industry pioneers and champions of social equity to open a series of equity cannabis businesses in Los Angeles, the first of which was formed alongside prominent activist, entrepreneur, and OTC partner and Community Relations Officer Kika Keith. Husband and wife owner-operators Norman and Darline Yousif have lived in San Diego County for most of their lives, but as their cannabis business footprint grew in Los Angeles County, they felt compelled to move to Los Angeles so they could be closer to the businesses and continue their efforts towards improving social equity in the cannabis industry. OTC's social equity partnerships have allowed them to contribute to rectifying the injustices that resulted from the War on Drugs by integrating the core values of social equity, diversity, and inclusion into the fabric of OTC as a business and redefining our approach to operating businesses in California's cannabis industry. Health and wellness have always been a consistent part of OTC's business model, but our work with these equity partners helped us understand the importance of providing opportunities to those who have been adversely impacted by cannabis prohibition and contributing to the ongoing battle for social justice in the cannabis industry and beyond.

Today, OTC operates eleven (11) licensed cannabis businesses throughout California and anticipates amassing at least 15 operational licensed cannabis businesses by the end of 2023, thus achieving one of California's top five license portfolios and one of the more distinguished retail brands in the entire State. We are also scheduled to open businesses in New Mexico, New Jersey, Ohio, Mississippi, and Michigan by the end of 2023. We look forward to a continued commitment to furthering the goals of the social equity movement, delivering the highest retail experience to our customers, and working with local jurisdictions to make an impact on the communities we serve. OTC's proven business tactics, data-driven product line decision-making, commitment to social equity, and demonstrable community integration strategies will allow us to make an immediate impact on the community of Healdsburg, and we are confident our ownership team has the necessary qualifications to achieve this goal.

D.1.A. CANNABIS EXPERIENCE: CHIEF EXECUTIVE OFFICER (CEO) NORMAN YOUSIF

Owner and CEO Norman Yousif is a motivated entrepreneur with 6+ years of cannabis experience who has achieved incomparable success in the cannabis industry in California and throughout the United States.

Norman's journey began before legalization with ventures in real estate development and non-cannabis retail. After managing various residential and commercial real estate development projects, Norman saw an opportunity to acquire Smoke n' Stuff, a tobacco shop in his hometown of El Cajon, CA. At the time there were only nonprofit "collectives" and illicit sources for cannabis in California. Many of Norman's clients at the tobacco shop happened to be cannabis patients and would frequently ask questions regarding use of certain products such as rolling papers or water pipes. Many of these individuals were dealing with debilitating health conditions, and Norman came to realize the collectives providing these patients with cannabis were not giving them any real guidance on consumption methods, safe usage, medication interactions, and other pertinent information. It was at this juncture that Norman decided there were true opportunities to help people in the cannabis





OFF THE CHAIRS

space. He began educating himself in medical cannabis and responsible, effective consumption in hopes of one day being able to directly assist his regular clients and other patients throughout the community using cannabis to improve their quality of life. In the wake of California’s passing of MAUCRSA, Norman felt well-positioned to begin his journey to bring about improved health and socioeconomic outcomes in his community through cannabis.

Norman now owns and operates eleven (11) total commercial cannabis businesses, with new facilities opening in Costa Mesa, Hemet and Corona in addition to his existing businesses in Vista, Palm Springs (x2), Crenshaw, Sherman Oaks, Winterhaven, Sacramento, Ramona, Costa Mesa, South Los Angeles and recently opened San Francisco, which is described further below. Norman has been operating retail cannabis businesses in the legal market for the last five (5) years without a single compliance violation or citation from the local jurisdiction and the Department of Cannabis Control. The compliance and financial success of these businesses has allowed Norman to obtain local and state approval for additional facilities in Harbor City, Los Angeles, Costa Mesa (x2), National City, Lake Elsinore, and Indio. Some of these facilities may be open for business as soon as the end of Q3 of this year. He has also moved on into Phase III interviews in Madera and Manteca. His desire to improve quality of life and socioeconomic status through cannabis has extended to other states, with two medical dispensaries slated to open this year in Ohio and Mississippi along with two adult use retailers slated to open this year in New Mexico and an adult use retailer in New Jersey. He is also in the process of bringing the OTC brand to Michigan and Vermont.

Under Norman’s leadership, OTC has expanded their geographical footprint, social equity commitment and operational expertise into San Francisco, working with equity owner Omar Flenoid, renowned University of California, Berkley chemist Erika Adre and long-time cannabis industry veteran, Tristan Lee, to operate a cannabis microbusiness with retail, delivery, distribution, manufacturing, and infusion to add to the list of offerings in OTC’s own product line. The San Francisco microbusiness’ Manufacturing Department develops proprietary formulations for OTC branded products along with white labeling for various operators; this includes partner Kika Keith’s Gorilla Rx brand and additional brands developed with LA social equity partner Moises Estrada to further entrench social equity into OTC’s overall framework. Norman also operated Imperial Distribution out of Imperial County and has also proposed Distribution operations in National City and Hemet.

The quality of Norman’s experience is exemplified by OTC’s initial success in Southern California and continued perfect compliance track record. This experience is further evidenced by OTC’s ongoing successful expansion, which could result in 20+ facilities opened for businesses by mid-2024. Norman is excited to apply this experience in Healdsburg and further expand OTC’s footprint in Northern California.

D.1.B. CANNABIS EXPERIENCE: CHIEF OPERATING OFFICER (COO) DARLINE YOUSIF

Owner and COO Darline Yousif has amassed 6+ years of cannabis experience and is the backbone of OTC’s day-to-day operations, overseeing everything from inventory to human resources to marketing and everything in between. While Norman is the visionary behind OTC, Darline works constantly to bring his dreams into reality. Darline has worked alongside Norman from the early days of their careers, providing project management and administrative support for their real estate development endeavors. She has now gained incomparable cannabis industry experience by developing OTC’s framework of back-of-house operations and associated SOPs for inventory management, human resources, marketing and much more. Darline has overseen processing inventory and inputting relevant product information into Meadow and Metrc. Darline oversees all inventory processes from ensuring each store has sufficient product in stock to organizing the sales room and stocking shelves when products are low. She is responsible for scheduling staff and managing marketing and advertising strategies by keeping track of sales and implementing strategies to increase business. Darline constantly scours Weedmaps and Leafly for local competitors’ price offerings and adjusts OTC’s pricing to consistently beat competitors. In under three months of opening OTC’s first store, Darline successfully increased their customer traffic to over 500 customers a day while achieving great customer loyalty through exceptional customer service, promotional offers, and OTC’s customer loyalty program.





OFF THE CHAIRS

As part of the husband-wife team that is OTC, Darline is part-owner of all eleven (11) operational locations and provides back of house oversight for all of OTC’s licenses. The quality of Darline’s experience is exemplified by her integral role in OTC’s rise to prominence, overseeing core day-to-day operations for all OTC locations including human resources, inventory management and control, marketing and advertising and many other key components that keep OTC compliant and successful.

D.1.C. CANNABIS EXPERIENCE: CHIEF COMPLIANCE OFFICER (CCO) SEAN MADDOCKS

Owner and Chief Compliance Officer (CCO) Sean Maddocks is a practicing attorney with 6+ years of cannabis experience who has used his critical thinking skills, legal expertise, and endless determination to become a leading compliance expert in the cannabis industry.

He has been involved in over 200 cannabis projects ranging across 10+ states and in all areas of the supply chain, contributing everything from application development, facility development, SOP development, post-licensing consulting, and everything in between. Sean has been with OTC from the very beginning of their journey, helping them navigate the social equity program in Los Angeles and eventually building their licensing portfolio to where it stands today. In addition to his work with OTC, Sean has consulted with various other clients to obtain licensure, build out their facilities, and operate within the scope of compliance in their local and state jurisdictions. Sean’s experience is diversified across retail, distribution, manufacturing, cultivation, lab testing and all of the nuanced requirements of each type of legal cannabis operation. Sean helped launch an Infuser facility where his clients manufacture edibles of all types in Illinois, which has given him insight into current Good Manufacturing Practices, quality assurance and control, corrective action preventive action (CAPA) and various other elements of manufacturing that he has been able to apply in other projects. He has recently helped commission a technologically advanced indoor cultivation facility in Santa Ana, which launched recently in mid-2022 and is currently optimizing their cultivation plan to achieve twenty-five (25) harvests of high-quality flower per year. He also helped win various licenses for clients in retail, manufacturing, and cultivation in Missouri’s medical cannabis program, which was one of the most competitive processes the nation’s cannabis industry has seen this far. Sean’s incomparable insight into business management, loss prevention, facility design and other facets of commercial cannabis operations that facilitate efficiency and sustainability are a large reason why OTC’s rise to prominence has occurred so quickly without any violations or citations from local jurisdictions, the DCC, or any regulatory bodies in other states.



D.1.D. CANNABIS EXPERIENCE: COMMUNITY RELATIONS OFFICER (CRO) KIKA KEITH

Owner and Community Relations Officer (CRO) Kika Keith is an industry pioneer who has over fifteen (15) years of regulated cannabis experience and has become an integral figure in the fight for social equity in the cannabis industry.

Kika originally entered the cannabis space in 2008, when she transitioned from the food and beverage industry. As a lifelong community activist, she began attending stakeholder working groups dedicated to education, policy reform, outreach, and other essential aspects of Los Angeles’ proposed equity program where she quickly realized how important compliance education was for the success of social equity applicants. In 2018, Kika formed a partnership with industry leader Magnolia Wellness Group in effort to obtain a retail license in her community of Crenshaw. Her efforts were thwarted when the City permitted a licensed dispensary to move in next to her location during the delay for social equity licensing knocking her license out of contention due to the City’s inter-dispensary 700-ft buffer rule. Frustrated with the City’s approach to Social Equity licensing and the lack of information and resources provided to social equity applicants, Kika founded the Life Development Group (LDG) and began advocating for a more inclusive and fair equity program. LDG specializes in social equity and community reinvestment, two powerful motivators for Kika throughout her life. LDG’s complimentary workshops and educational seminars educate and assist social equity applicants with overcoming compliance and regulatory obstacles within the cannabis industry. They also provide job training and placement for cannabis workers throughout Southern California. Her involvement with LDG led Kika to form an additional Social Equity oriented organization, the Social Equity Owners and Workers Association (SEOWA), which protects Social Equity applicants’ rights from





predatory practices on behalf of city officials, lawyers, investors and advocates. LDG and SEOWA formed a partnership and now consist of a constellation of cannabis brands, retail spaces, and community organizations that leverage the power of cannabis to transform lives and shape culture. Through SEOWA and LDG, Kika has worked with dozens of social equity individuals and applicants towards developing their retail storefront and non-storefront business plans and applications as well as securing the necessary resources to get them through the licensing process.

Kika’s celebrated career at the intersection of entrepreneurship and activism has made her uniquely positioned to capitalize on modern consumers’ desire for companies that prioritize product quality and social impact. After nearly two years of waiting for Los Angeles to finalize their social equity licensing program, Kika Kika has partnered with Norman and Darline to launch the equity-branded store Gorilla Rx, a groundbreaking social equity-owned retailer and community hub located in the historic Crenshaw district of South Central LA. Kika’s ownership of her own licensed business in Crenshaw and her efforts towards training other social equity owners and workers have given her deep understanding of the operational requirements and regulatory compliance issues surrounding retail cannabis businesses. The entire cannabis industry is a richer and more equitable arena due to her community outreach efforts.

D.1.E. BUSINESS DEVELOPMENT OFFICER (BDO) ADAM MERNIT

Owner and Business Development Officer (BDO) Adam Mernit began his career in the cannabis industry as a cultivator on his family farm and has now amassed more than seven (7) years of regulated cannabis experience in project management, business development and supply chain analysis.

After spending three years in public health research and healthcare consulting in Baltimore, MD and Washington D.C., Adam moved to Lower Lake, CA in 2016 to help his family grow their burgeoning cannabis business, Diamond B Farms, and prepare for the upcoming legal changes upon the enactment of MAUCRSA. Adam quickly learned the comprehensive procedures required for the cultivation of high quality, sungrown cannabis along with regenerative farming practices and environmental stewardship from cultivation experts who had previously managed over 10 acres of canopy for the Humboldt Seed Company. When he wasn’t working in the gardens, Adam was diligently studying draft versions of MAUCRSA’s text of regulations, analyzing Lake County’s draft cannabis ordinances and preparing a list of action items required to ensure compliance with these soon-to-be enacted regulations. By May of 2018, Adam had obtained two of Lake County’s first Conditional Certificates of Compliance for his family’s humble Proposition 215 collectives after expanding and modifying the gardens to comply with the County’s newly enacted regulations. In July of 2018, Adam had officially obtained provisional licensure for both sites, transitioning the family’s collectives into a Type 2 Small Outdoor Cultivation Facility with 10,000ft² of canopy and a Type 3 Medium Outdoor Cultivation Facility with the capability of cultivating up to one acre of canopy.



Diamond B Farms’ first season as an officially licensed cannabis cultivation facility in 2018 was an immense success, with yields nearly topping 3,000lbs between both sites. The team was preparing for the next season in early 2019 when the founder and CEO of Diamond B Farms unexpectedly passed away after a series of medical complications. While he was still grieving the loss of his uncle and family farm, this unfortunate series of events catalyzed Adam’s transition into project management and business development. Adam became a Project Manager at Green Rush Consulting, an Oakland-based cannabis consulting firm specializing in application development, from 2019-2020. In the wake of the COVID-19 pandemic, Adam had the opportunity to work as the Cultivation Supervisor for multi-state operator Justice Cannabis Co., where he oversaw day-to-day operations of an acre of canopy in Sonoma County’s rural Bennett Valley, optimized the development of their indoor cultivation facility in Santa Rosa and helped the company improve their operations by developing a catalogue of SOPs for the business. In this role, Adam helped Justice Cannabis Co. achieve never-before seen yields in both the outdoor and indoor cultivation facility while consulting on the development of their retail storefront in Santa Rosa. All of this experience in Sonoma County gave Adam a thorough understanding of the County’s core values and approach to regulating commercial cannabis, which will surely aid OTC in the development and operation of a compliant business in Healdsburg.



Adam has been working with OTC since April of 2021 and has been instrumental in the process of expanding their licensing profile. Adam works directly under CCO Sean Maddocks to maintain compliance throughout all operations with an emphasis on oversight of OTC’s Northern California and out-of-state expansion efforts. One of Adam’s first tasks with the company was application development and project management for OTC businesses in Corona, Costa Mesa and San Francisco, all of which are scheduled to open for business by the end of Q3 2023. Adam helps develop all deliverables required for license applications, prepares for interviews with City Councils and other regulatory bodies, carries out inspections with City and State officials for OTC facilities, researches expansion opportunities in new jurisdictions, and various other compliance tasks to support CCO Sean Maddocks. Adam’s supply chain and product knowledge also help guide product procurement strategies with an emphasis on sun-grown cannabis flower, solventless concentrates and various other SKUs that are produced by environmentally conscious operators.

D.2. CANNABIS INDUSTRY KNOWLEDGE

OTC has gained vast cannabis industry knowledge throughout our six (6) years as a family-owned cannabis business consortium that is working towards becoming a multi-state operator. OTC has gained immeasurable expertise in compliance with state regulations and adapted its best-in class standard operating procedures across various cities and counties in California as well as other states to comply with specific jurisdictional requirements, such as hours of operation, facility-specific characteristics, community engagement and other operational topics. Our industry knowledge has grown alongside the experience highlighted above, and OTC’s exponential growth and projected expansion in 2023 is a key indicator that our cannabis industry knowledge is aligned with our operational scale. Below is a summary of each owner’s cannabis industry knowledge and how that knowledge will be applied in Healdsburg.

D.2.A. CANNABIS INDUSTRY KNOWLEDGE: NORMAN YOUSIF

Owner and Chief Executive Officer (CEO) Norman Yousif’s cannabis industry knowledge stems from six (6) years spearheading local permitting, state licensing and facility development processes for OTC’s cannabis facilities, which began with its first cannabis retailer in Vista, CA. In under four months of operating, OTC’s Vista location increased daily traffic to serve over 500 customers a day and \$28,000 in average daily sales. The business currently has over 1,896 customer reviews and maintains a 4.8-star rating on Weedmaps, while generating around \$30M on an annual basis. The business was quickly optimized to start generating revenue, and he was able to use residual income from the store and successful real estate ventures to open two additional retailers in Palm Springs. One of OTC’s Palm Springs locations was among the first consumption lounge licenses opened in California, from which Norman has gained immeasurable experience in odor control, adhering to purchase limits, promoting responsible consumption, preventing sales to intoxicated customers and various other aspects of a consumption lounge’s heightened regulatory burden.

Freedom from investor expectations has allowed OTC to maintain a family-owned small business approach to commercial cannabis, incorporating meaningful community benefits initiatives into their operations and making an immediate impact on the neighborhood and greater communities in which OTC operates. OTC’s family-owned and operated business mentality has informed their hiring decisions and strategies as they seek to work with the local community to elevate residents with local ties to management level positions so they can best serve the communities in which they operate. OTC’s team of employees are a true family, and this has extended to its partnerships with social equity business owners and the incorporation of equity and favorable employment practices across its operational locations. Norman has used his increasing platform and retail presence throughout Southern California to expand his network, which led him to form partnerships with equity operators Kika Keith, Madison Shockley, Moises Estrada, Joey Evans and Omar Flenoid. These partnerships helped catapult OTC to the next level of industry prevalence, with additional businesses opening in the extremely competitive jurisdiction of Los Angeles along with expansion into Northern California and diversification of cannabis activities as San Francisco’s microbusiness comes online with distribution and manufacturing. Norman is also gaining knowledge from developing operations in jurisdictions outside of California, with medical cannabis dispensaries planned for Ohio and Mississippi and adult use retailers opening in New Jersey, New Mexico, Vermont, and Michigan. This out-of-state experience has increased



Norman’s adaptability in market analysis, standard operating procedures development and modification, as well as various other facets of business operations that have combined to expand his overall industry knowledgebase.

Throughout his time in the real estate and commercial cannabis industries, Norman has gained vast knowledge of zoning laws, real estate development, lease negotiation and license application development through his leadership in the process of developing all eleven (11) of OTC’s operational California stores. Moreover, Norman has gained incomparable experience in incorporating best practices for facility design and outfitting of a cannabis retail storefront by combining his previous knowledge of commercial real estate and non-cannabis retail ownership with his knowledge of local and state regulations along with local design guidelines, while ensuring all of OTC’s facilities blend with the overall community aesthetic. Norman is responsible for coordinating monthly state and local tax payments in addition to adhering to all invoicing and vendor contracts. Financial compliance in the cannabis industry requires specific expertise given the hurdles imposed by IRS §280E, and OTC relies on Norman’s expertise to navigate this complicated regulatory field. OTC consistently maintains compliance with tax, licensing, payroll, banking, and all other financial regulations thanks to Norman’s leadership in financial management. Norman continues to look for new opportunities for OTC both in California and other parts of the country in an effort to continue OTC’s trajectory of becoming one of the United States’ leading consumer-focused cannabis consortiums.

Norman is now focused on seven primary operational goals: (1) Developing current projects in the post-licensing phase into operational storefronts throughout California including National City, Costa Mesa, Lake Elsinore, Hemet, Los Angeles, Madera, and Indio; (2) Developing out-of-state projects in the post-licensing phase into operational facilities in Ohio, New Jersey, Mississippi, New Mexico, Vermont and Michigan; (3) Further expanding OTC’s retail presence throughout California in upcoming jurisdictions such as San Luis Obispo, McFarland, Bell Gardens, Monterey and Huntington Beach; (4) Monitoring out-of-state opportunities in jurisdictions such as New York, Maryland, Texas, and Florida in order to continue OTC’s pursuit of status as a multi-state operator; (5) Continuing to optimize OTC’s internal supply chain to ensure all OTC businesses are consistently stocked, with the pursuit of additional distribution outlets and retail storefronts in Hemet, and National City; (6) Overseeing his Management team to ensure OTCs operational locations adhere to the standards of customer service and community commitment OTC has become known for; and (7) Advancing social equity in the cannabis industry through partnerships with equity operators, commitments to equitable hiring throughout all new operations, donations and community investment into organizations and stakeholders with like-minded goals, and other strategies highlighted in **SECTION F: COMMUNITY BENEFITS AND EQUITY PLAN** within this application.

As the Founder, CEO, and Owner of Off the Charts, Norman’s cannabis industry knowledge is unrivaled in the Retail, Lounge, Distribution and Delivery sectors. As a family-owned enterprise and one of the largest cannabis retailers in California, Norman has poured his heart into making Off the Charts one of the most compliant and successful cannabis retailers in California. His dedication to compliance has allowed him to develop best-in-class standard operating procedures for all facilities; his commitment to staff is evidenced in adopting generous compensation and bonus packages; and his devotion to community has ensured OTC’s seamless integration into all the jurisdictions in which it operates. As an Owner-operator, Norman has benefitted from learning every aspect of the industry and along the way has developed a management team and staff that carries on his legacy and exhibits the depth of cannabis industry knowledge that Norman has gained through Off the Charts’ genesis and expansion.

D.2.B. CANNABIS INDUSTRY KNOWLEDGE: DARLINE YOUSIF

Owner and Chief Operations Officer (COO) Darline Yousif has gained significant cannabis industry knowledge through six (6) years of cannabis experience as COO at all eleven (11) OTC locations. Darline’s hands-on approach has uniquely positioned OTC to understand the inner workings of the cannabis industry and to create exemplary standard operating procedures and training protocols for their employees. Darline has instilled an emphasis on customer service throughout our operations from day one, which has led to investing in robust client education materials and ensuring OTC’s staff is expertly trained on the science of cannabis, including all the cannabinoids, terpenes, and flavonoids that lead to the varying effects of different strains. Darline has helped ensure that all employees are well-equipped to execute their day-to-day tasks and responsibilities to help OTC thrive. The human



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resources policies and procedures that she has developed far exceed the minimum requirements of local and state laws to create a company culture for OTC that instills pride in all our employees while helping them succeed in their respective roles. Darline has been the driving force behind OTC's generous compensation packages and wages, working alongside third-party Human Resources Coordinator June Jeong to reinforce compliant overtime pay to all employees who work over 8 hours a day or 40 hours a week. Due to Darline's efforts, OTC's human resources department is vigilant in its maintenance of reporting procedures and our staff is aware of their rights as outlined in our Employee Handbook.

Darline has worked to build diversity and inclusion into OTC's overall business strategy, and her experience in other jurisdictions makes her the perfect candidate to oversee labor and employment strategies in Healdsburg. Darline also has experience in collaborating with leadership on community benefits initiatives and figuring out ways to simultaneously provide community organizations with support and create positive volunteering experiences and activities for OTC employees. She is excited to apply this experience in Healdsburg, as a business owner who truly cares about the community in which she operates. Darline's contributions to our organization are invaluable and she is excited to establish OTC's company culture and provide guidance and development opportunities for our prospective Healdsburg employees.

Darline's industry knowledge also stems from exercising primary oversight over all inventory management protocols, applying over five years of experience with Metrc, Meadow POS, Distru, and various other software programs that integrate with Metrc to develop OTC's robust inventory control platform. Her knowledge base was initially concentrated in retail, but as OTC has expanded their operational footprint into distribution, so too has her knowledge expanded into supply chain management and product handling. This includes receiving deliveries of cannabis goods, verifying shipping manifests, maintaining adequate conditions in secure storage, arranging batch sampling and testing, conducting all inventory audits, generating inventory reports, managing electronic and physical inventory records and various other day-to-day tasks that are focused on inventory management and control. Darline's experience extends to troubleshooting problems in Metrc, Meadow, and Dutchie and coordinating with other staff members to resolve issues in a timely fashion. She has also been instrumental in the pre-operational phase of facility design for all new locations by designing the retail floor for optimal customer traffic, interviewing and hiring new team members, altering and updating existing SOPs to maintain cohesion with the new jurisdictions, and enacting COVID-19 protocols for maximum consumer and employee safety. Darline has expansive knowledge of MAUCRSA, and her understanding of local and state regulations in the context of OTC's business strategy makes her a key contributor in the development of compliant SOPs for OTC's retail operations.

Finally, Darline's experience includes understanding the nuances and complexities of marketing and advertising in the cannabis industry. She designs product-focused marketing campaigns and has been a primary contributor to inserting branding principles into OTC's overall aesthetic such as brand elevation, branded merchandise design, collateral and production. Darline is a critical component of transitioning our marketing strategy into new jurisdictions like Healdsburg and making sure that we are forming campaigns that comply with local advertising regulations, respect local community values, drive traffic, and inform our clientele.

Darline's experience and robust cannabis and retail management knowledge are essential contributing factors to OTC's ability to maintain its commitment to the highest quality of services and offerings for its customers and patients. Her ability to instill a familial environment amongst staff and regular customers is highlighted in OTC's strong customer and staff retention history. Darline looks forward to applying her cannabis industry knowledge through her proven managerial and operational skillsets to OTC's proposed Healdsburg location. Leveraging Darline's experience will ensure OTC's unsurpassed customer service and highest quality product offerings are extended to OTC's Healdsburg operations and the broader Sonoma County.

D.2.C. CANNABIS INDUSTRY KNOWLEDGE: SEAN MADDOCKS

Owner and Chief Compliance Officer (CCO) Sean Maddocks' cannabis industry knowledge stems from six (6) years of regulated cannabis industry experience as an attorney and consultant for licensed cannabis operators throughout California and the United States. Sean is a California native, graduate of UC Berkeley and UCLA



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School of Law and a well-versed attorney who has a comprehensive understanding of California’s cannabis regulatory framework. He has represented retailers, cultivators, manufacturers, testing laboratories, equity applicants, patients, and caregivers in all aspects of California’s cannabis law. He is the founder and general counsel of Green Consulting Partners, a consulting firm specializing in cannabis licensing and regulatory compliance. Sean has worked with clients to obtain licensing approval for over 200 local and state licenses throughout California, Missouri, Ohio, New Mexico, Michigan, Mississippi, New Jersey and Illinois, and he is expertly versed in the nuanced compliance requirements across various jurisdictions. Sean is committed to helping clients operate transparently in a way that provides tax and revenue benefits to local communities and sustainable, living wage employment to cannabis workers. Sean’s dedication to legal and regulatory compliance and transparency has helped OTC maintain legally compliant services and practices across current operational locations. In California, Sean has consulted and assisted clients in maintaining compliance for storefront retail, non-storefront retail, microbusiness, laboratory testing, cultivation, volatile manufacturing, non-volatile manufacturing, consumption lounges and distribution licensing in 20+ cities and counties throughout California.

Sean’s compliance oversight includes working with OTC’s leadership team to develop standard operating procedures that incorporate evolving regulatory updates to ensure compliance as the dispensary’s operations evolve alongside regulations at the local and state levels. Beyond compliance, Sean’s role includes intermittent site inspections and compiling regulatory performance reports. With Sean overseeing compliance, OTC’s businesses can focus their efforts towards other areas such as maintaining day-to-day operations, increasing revenues, investing in the community, and keeping up with facility maintenance. Sean’s compliance track record speaks for itself, out of the over 200 licenses he has been involved with, none of them have been issued regulatory compliance violations while under his oversight, something he deeply prides himself in. Given the opportunity, he is confident he will be able to build upon his perfect compliance record and help OTC seamlessly integrate into the Healdsburg community. Through his work with OTC and other Retail clients in California and throughout the United States, Sean’s retail-specific industry knowledge is unmatched from a compliance standpoint. Working with operators across multiple jurisdictions has provided keen insight into industry best-practices and regulatory obstacles. As an attorney for three of the eight consumption lounges in West Hollywood as well as through his experience with OTC’s Palm Springs Lounge, Sean has been at the forefront of regulatory development for these unique license types. He has worked with local municipalities, the DCC, as well as Health and Safety Departments to understand the nuanced obstacles presented by consumption of cannabis and how best to develop an environment that is compliant while still providing unique customer experiences. Additionally, Sean’s work with Distribution companies has allowed him to develop best-in-class SOPs for transportation and transfer of cannabis products. His advisement of one of California’s highest revenue Distribution operations, Trim Depot, has provided unique experience in maintaining compliant, safe operations for high-risk transportation and distribution operations.

Sean has previously worked alongside Norman and Darline to obtain licensing in highly competitive California markets and to develop best-in-class SOPs for all of their businesses. He has written all of OTC’s application materials, and is responsible for the development of OTC’s SOPs upon licensing, which help maintain continued compliance for all of OTC’s cannabis businesses. Sean’s in-depth knowledge of the regulatory climate is a huge asset to OTC, which can be translated to OTC’s operations and will help OTC to maintain compliant operations in Healdsburg.

D.2.D. CANNABIS INDUSTRY KNOWLEDGE: KIKA KEITH

After spending three years fighting to keep the city of Los Angeles accountable to the intent of the Social Equity Program, Kika was finally able to focus on her own entrepreneurial endeavors in the cannabis industry. Kika partnered with Norman and Darline Yousif, founders and operators of the family-owned retail cannabis business consortium Off The Charts (OTC), to launch the social equity cannabis retailer Gorilla Rx. Gorilla Rx is a groundbreaking social equity owned retailer and community hub located in the historic Crenshaw district of South-Central LA. The vibrancy of the store’s design, their commitment to having the largest black-owned selection of cannabis goods in California, and their dedication to community education come together to form the overall Gorilla Rx experience. Kika’s ownership of her own licensed retailer in Crenshaw and her efforts towards training other social equity owners and



workers have allowed her to gain a deep understanding of the operational requirements and regulatory compliance issues surrounding retail cannabis businesses in an operational context. Her unique experience in management and social equity advocacy have allowed her to perfectly supplement Norman and Darline’s responsibilities and synthesize operational commitments for OTC.

D.3.E. CANNABIS INDUSTRY KNOWLEDGE: ADAM MERNIT

Adam is an expert in all aspects of commercial cannabis operations, but his primary expertise lies in cultivation and project management based on his experience with his family’s operation and his subsequent work with OTC. Adam’s cultivation knowledge spans across the entire cultivation cycle from seed to sale. Adam knows how to incorporate industry best practices from leading regulatory bodies and third-party evaluators, such as current Good Agricultural Practices (cGAP) promulgated by the USDA and specific cultivation and post-harvest processing standards promulgated by ASTM International’s D37 Subcommittee on Cannabis. Some key operational topics and associated granular knowledge of the cultivation cycle that Adam has garnered include seed propagation, cloning, vegetation, plant maintenance, flowering, harvest, post-harvest processing, genetics, and derivative products. Adam has navigated all stages of the cultivation cycle for four (4) collective years without any crop loss, undesirable quality outcomes or other serious adverse events. All of this cultivation knowledge and associated skillsets have made Adam a key contributor to product procurement operations at OTC. Adam knows what high quality, laboratory tested cannabis flower and manufactured products are supposed to look and smell like based on his years of experience in growing cannabis himself. Adam can simply look at a sample of cannabis and determine how it was grown, what medium was used, whether or not the flowers were flushed properly and various other aspects of the sample to ensure it aligns with OTC’s procurement standards.

Adam’s cannabis industry knowledge extends past cultivation and to other parts of commercial cannabis operations. Adam is intimately familiar with the necessary requirements for state licensure and has helped OTC obtain and maintain state licenses for all of their operations. Adam has worked alongside CCO Sean Maddocks to develop OTC’s catalogue of SOPs that have helped them achieve status as an exemplary multi-state operator. Adam also helps identify new business opportunities in both a geographic and operational context by conducting research into new jurisdictions that are permitting commercial cannabis operations, analyzing the compliance framework in these new jurisdictions and developing and executing necessary strategies to help OTC integrate their model into a new community. Adam is a key driver of OTC’s growth in Northern California, with expansive knowledge of various jurisdictions and their respective core values from Monterey up to the Oregon border.

E.3. OWNERSHIP TEAM: DAY-TO-DAY INVOLVEMENT

CEO Norman Yousif maintains a bird’s eye view over the entire operation to ensure compliance and business stewardship. Norman provides overall leadership, maintains up-to-date documentation with the City and State, facilitates business development and coordinates retail strategy across all departments. He applies his background in commercial real estate to ensure neighborhood compatibility for OTC and oversees any changes to the facility that are made throughout the course of operations; this includes construction, renovation and maintenance. Norman maintains current state licensing with the Department of Cannabis Control, interfaces with local officials, works with local stakeholders to implement community benefit initiatives and identifies areas of improvement for OTC based on concrete metrics from our Headset platform. He also oversees insurance management, cash management, balance sheet analysis and all other activities that keep OTC financially healthy and continually profitable. Norman is a dynamic executive with a passion for building and leading high performing sales teams. He has a proven ability to recruit, train, develop, coach, and mentor OTC’s staff to achieve their full potential and oversees the Compliance Officer to ensure performance goals are being achieved. His expansive network of vendors helps OTC maintain a diverse product menu that is aligned with purchasing trends across the State. Norman builds trust with the local community, uncovers complex challenges and presents effective solutions to internal and external stakeholders, grows relationships with leading brands throughout California and drives top line revenue. Having developed his retail expertise by working the retail sales floor, Norman can also be found intermittently putting in time on the Retail Floor of OTC’s various locations. His willingness to lead by example and convey expectations through actions are a unique asset to OTC’s day-to-day operations.



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COO Darline Yousif coordinates with leadership to implement our overall retail strategy and is continually looking for ways to expand OTC's collective cannabis industry knowledge and expertise. Darline provides data and observations of sales trends to the Inventory and Purchasing Team to guide product procurement strategies and ensure OTC's product menu features are current and diverse. She regularly collaborates with leadership on ways to improve sales through design and layout of the retail floor, displays, discounts, storage mechanisms and much more. Additionally, Darline is focused on building out a great experience for our employees from the interview process to their first annual review and beyond. She has collaborated with leadership and our human resources partners, June Jeong and VensureHR to build out OTC's human resources platform, hiring process, onboarding and offboarding procedures, payroll, and benefits program. Her day-to-day involvement includes inventory management and making sure all the systems are running smoothly and efficiently through the use of technology and feedback from the team. Darline also focuses on creating and maintaining a great work environment, which includes a beautiful working space and employee break room to strengthen our team's unity and overall company culture.

CCO Sean Maddocks stays current on all local and state licensing and helps OTC develop, implement, and audit organization-wide SOPs to ensure compliance and exceed the minimum requirements of local and state regulations. Sean also has oversight on all legal matters for OTC and ensures that all contracts and agreements are made on terms that benefit OTC. His day-to-day oversight of compliance with local regulations, state laws, occupational safety and health laws, track and trace, taxes and various other regulatory compliance matters ensures OTC can focus their efforts towards other areas such as managing daily operations, increasing efficiency, building revenue, and keeping up with facility maintenance.

CRO Kika Keith's experience as an owner-operator and her commitment to social equity and worker's rights makes her a valuable addition to OTC's daily operations and oversight. Kika's commitment to community engagement and empowerment for black entrepreneurs aligns perfectly with her day-to-day responsibilities as the Community Relations Officer. Her day-to-day responsibilities include forming community partnerships, developing, and hosting events and implementing other community outreach initiatives. She also advises on equitable hiring, provides potential and current equity employees cannabis career training, and implements various other initiatives to enhance workforce development for our Healdsburg staff. Kika collaborates with Darline to ensure a wide variety of equity brands are consistently featured in our product line.

BDO Adam Mernit works with CCO Sean Maddocks to ensure compliance throughout all areas of operation while driving business development strategies for OTC's sustained growth. Adam also supports CRO Kika Keith throughout all community engagement initiatives that she devises in Healdsburg based on his residence within close proximity to the facility and his experience managing a cannabis business in Sonoma County.



SECTION E: NEIGHBORHOOD COMPATIBILITY PLAN

OTC implements comprehensive nuisance mitigation policies, protocols, and design features to ensure that our neighbors and the surrounding community do not experience any adverse impacts as a result of our operations. We understand the sensitive nature of commercial cannabis and the need for discretion for the greater community, and we intend to build connections in the community and facilitate an open dialogue with local residents surrounding our operations within Healdsburg. OTC's mission is to provide an education-oriented retail experience geared towards fostering awareness of the wellness-enhancing properties and responsible usage of cannabis as well as stringent control over the products we offer. We strive to integrate our store into the community versus having the community adapt to our store's presence. Community safety and responsible business practices should be prioritized over profits and longevity over short-term success, and our team has first-hand experience assimilating a cannabis dispensary into new neighborhoods. We understand that residents may have concerns that the business will negatively impact their community, and we have thus developed the following plan to ingratiate ourselves with our new neighbors while meeting and exceeding all operational requirements promulgated by the Healdsburg Municipal Code (HMC) and the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA).

E.1. PROACTIVE NEIGHBORHOOD COMPATIBILITY

The following neighborhood compatibility efforts described below emphasizes a proactive approach to engagement with our neighboring community and the larger community in the City of Healdsburg.

E.1.A. PREVENTING NUISANCE AND ADVERSE COMMUNITY IMPACT

We prioritize prevention strategies over reactive responses by preventing issues throughout our operations; this same approach applies to all our neighborhood compatibility and community integration efforts.

The owners of OTC are heavily involved with the businesses' community outreach efforts so they can stay in touch with the local community and ensure OTC publicly addresses any complaints if they arise. They are also actively involved in our community benefits initiatives which allows them to engage with the community and ensure that our neighbors and the community know who we are and feel comfortable directly communicating with us if an issue develops. Furthermore, OTC hosts and attends community outreach events as an opportunity to communicate with neighbors and local citizens about ways in which we can best serve the community's needs and alleviate apprehensions surrounding our operations. Community assimilation allows OTC to have a direct link to Healdsburg's community members, which will allow them to not only be accessible but to also be proactive in addressing any hints of complaints and/or dissatisfaction with the way OTC's operations are being conducted.

OTC Open House: OTC hosts an Open House prior to opening for business in order to proactively address the concerns of neighbors. The Open House will give neighboring residents, businesses, City staff and other interested parties an opportunity to meet our team and family, as well as to discuss concerns regarding parking, traffic, noise, odor, or any other potential nuisances. During the Open House, OTC personnel are available to talk to neighbors about our security program, and we are hopeful that we can instill a level of confidence in our neighbors that the neighborhood will experience an increased level of security with the store's presence. The Open House also gives neighbors a chance to learn about the dispensary and what our business can offer the local community, including possible job opportunities. OTC will go door-to-door to invite every neighbor within 500 feet of the facility, whether residential or commercial, introducing the store and providing a formal invitation to the OTC Open House.

Ownership & Accountability: In addition to our nuanced perspective on cannabis, OTC is taking steps to avoid negative impacts on Healdsburg and the surrounding community through communication and transparency. Our Community Relations Officer (CRO), Kika Keith, is the facility's direct link to the community and is responsible for all public relations. Kika Keith has been designated as the CRO due to her deep-rooted connection to policy work and activism with local governments, as well as her extensive experience in community relations. We are confident in her ability to work with local community members, business owners, and government officials to make tangible changes in Healdsburg. Kika will have support from Business Development Officer (BDO) Adam Mernit, who lives within close proximity to the facility and has a concrete understanding of the core values, beliefs and attitudes held



by Sonoma County residents based on management of a licensed cultivation facility in Santa Rosa for two years. We look forward to Coordination Meetings with the City Manager and any interested parties or members of the community to discuss costs, benefits, other community issues that may arise as a result of our operations, and pathways to truly understand the community's needs and its perception of OTC as a commercial cannabis business. We embrace this opportunity to connect with the local government and our community, gain critical feedback about our operations, determine possible ways to improve operations, and establish a level of overall transparency with our surrounding community. We go into each of these meetings with a list of strategic points and questions that will help us gather the most accurate information possible that can be incorporated into future changes in our operating procedures. Their experience is a key factor in our ability to interact with local officials and community members, hear their thoughts, offer solutions to community problems, and incorporate this feedback to manage our business in a way that mitigates negative impact on our community.

E.1.B. PROACTIVELY ADDRESSING AND RESPONDING TO COMPLAINTS

Our first steps towards addressing and responding to complaints involves reaching out and listening to the community. This begins with the permitting process, which will give OTC the opportunity to work directly with the City and engaged citizens to address any concerns prior to opening the Dispensary. Our experience is that the most concerned and conscientious members of the community make their concerns heard during this process; OTC prides itself in being able to collaborate with concerned community members to adapt our proposed plans in a manner that best acclimates to the surrounding community. Upon operations commencement, OTC handles complaints regarding noise, light, odor, vehicle and pedestrian traffic immediately through the CRO, who is the facility's direct link to the community and is responsible for all public relations. The CRO's contact information is provided to all neighbors within 500 ft of the facility; Managers provide any complainants with the CRO's contact information. The CRO will attend relevant City and community meetings and act as the facility's voice in the community. They take part in neighborhood committees and work with neighbors to avoid any potential problems. They also take part in quarterly meetings with the City Manager and any interested parties to discuss costs, benefits and concerns of the community. We provide the CRO's contact information to law enforcement, and they maintain open lines of communication with city administrators, media, and concerned citizens to handle OTC's community affairs. They spearhead OTC's community outreach and coordinate participation in community events and charitable efforts. The CRO represents the facility at industry conventions and educational seminars. The CRO works with the facility to make sure operations correspond to the adopted ethos of OTC as a good neighbor to the community and value-add partner to the city. The CRO also keeps detailed logs of citizen and community feedback concerning operations to ensure OTC's position as a valued community member.

We have outlined a series of risk factors that could lead to complaints regarding noise, light, odor, loitering, littering, public consumption, vehicle and pedestrian traffic, and developed a series of preventive measures that deter the occurrence of adverse public nuisance events. These risk factors and preventive measures are described below. Any occurrence that triggers a complaint is documented as nonconformance, and we conduct an investigation to determine how the preventive action failed and we correct future measures to prevent future complaints. Our neighborhood compatibility strategies to mitigate these potential nuisance sources are described below:

Noise: One of our main neighborhood compatibility goals is to create preservation of a peaceful, quiet environment outside our facility. Security Personnel are trained to detect and monitor individuals or groups of individuals that carry on and pose a threat of excessive noise to neighbors and the surrounding community; this includes constant observation of the facility perimeter for groups larger than two individuals. Security personnel quickly travel to the source of the noise, calmly ask any individuals who are excessively loud to quiet their voices, and ensure neighbors are not disturbed. Security personnel are trained to detect signs of intoxication, which could lead to an individual's lack of control over voice or tone. We prevent any lines or other potentially large gatherings outside the facility through efficient management of the Lobby as well as efforts made by Cannabis Specialists to limit transaction times and shorten intervals, so customer noise levels do not build up. We respond to noise complaints by communicating with the complainant to obtain information about the source of the complaint, determining the source of the excessive noise, taking action to prevent the source from occurring again, analyzing how the preventive action failed to prevent



the excessive noise and working to develop new protocols that prevent, rectify, and resolve this type of noise occurrence moving forward. Daily exterior inspection is conducted as a reinforcement of our patron conduct policy, which prevents excessive noise stemming from our customers or employees. Customers are instructed through posted signage to respect adjacent businesses and properties by being quiet when leaving the premises. Security personnel roam the property on a routine basis to listen for excessive noise on the premises.

Light: OTC proactively addresses light pollution that could trigger a complaint by one or more of our neighbors. We work with our design team to develop a photometric plan that ensures sustained security lighting while limiting footcandle or lumen impact on the surrounding area. Daily inspection procedures include inspections for burnt-out bulbs and lighting deficiencies in off-street parking areas, paths of travel and building entrances to ensure that these areas are illuminated during all hours of darkness and that there are no flickering bulbs that could cause light pollution. We then confirm that lights are directed downward with the capability of providing average horizontal illumination of one foot candle. Our interior and exterior lighting scheme is designed to mitigate light pollution on our surrounding neighbors while facilitating safety and security on the premises during operational and non-operational hours. Daily inspections help us uphold these facility maintenance standards and design principles; See *C.5 Permitter Security* within **SECTION C: SECURITY PLAN** for further detail.

Odor: We proactively address odor by implementing an Odor Control Plan (OCP) that meets and exceeds the requirements of HMC § 20.20.095(A)(6)(e). This includes outfitting the facility with odor control equipment, upholding a prohibition of onsite consumption of cannabis, alcohol and tobacco, executing regular maintenance activities that exceed minimum requirements of manufacturers or ANSI standards and other cultural controls to prevent the drift of cannabis odors offsite. OTC works with a certified industrial hygienist to implement an OCP that incorporated industry-best practices such as Merv-13 activated carbon filters built into a negatively pressurized environment through our HVAC system. We incorporate vegetation such as the golden pathos and living walls with eucalyptus which further aid in our ability to scrub volatile organic compounds from the facility. Our progressive OCP and partnership with an industrial hygienist has allowed us to design OCPs at all eleven (11) of our operational facilities, including our consumption lounge, that have never received an odor complaint.

Public Consumption and Patron Conduct: We promote the responsible purveying of cannabis products by upholding the public consumption prohibition promulgated by HMC § 20.20.095 (B)(7)(h) among other nuisance mitigation strategies. Management carefully monitors patrons to identify behaviors that suggest intoxication and/or impairment. Cannabis impairment can be subtler than alcohol intoxication, but there are telltale signs that staff are trained to identify. We use the mnemonic device SCAB, which stands for Speech, Coordination, Appearance and Behavior; any individual who exhibits intoxication traits related to speech, coordination, appearance and behavior is prohibited from entering our facility. Suspicious/bizarre behavior is reported to Security Personnel and handled appropriately. If the store encounters a belligerent or otherwise high-risk customer, Security Personnel asks the customer to leave the premises and make all reasonable efforts to ensure the customer does not drive if intoxicated. If the situation continues to escalate, then local law enforcement is contacted for assistance.

Loitering: Our policies for neighborhood compatibility prevent individuals from delaying or lingering on the premises without a lawful purpose if they are not conducting any activity relating to our daily operations. Security personnel patrolling the exterior of the facility are trained to detect and monitor individuals that are delaying or loitering and posing a threat to neighbors and the surrounding community within at least 100' of the facility; this includes constant observation of the facility perimeter for groups larger than two individuals. The front and rear parking lot, the sidewalk on Healdsburg Ave, and the storefronts of neighboring businesses within a 100' radius are areas of heightened priority for security patrol to prevent loitering. We post appropriate signage at multiple points throughout the facility exterior to reinforce that loitering, vandalism, and criminal activity are not permitted. Signage reinforces this prohibition by communicating that loitering, cannabis consumption or any other activity that could lead to a disturbance on the premises is never allowed. Our daily inspection of the facility exterior includes confirmation that signage is intact and legible, so loitering prohibitions are consistently enforced. These measures



alleviate loitering and delaying concerns that may contribute to the accumulation of trash, graffiti, or other public nuisances on our facility's exterior.

Litter, Graffiti and Urban Blight: We take a proactive approach to ensure our property and associated areas, parking lots, sidewalks, and alleys are maintained in an attractive condition and kept free of obstruction, trash, litter, debris and graffiti at all times. Daily exterior inspections include a property-wide search for any trash and graffiti no less than twice a day and immediately after receiving a complaint. The front and rear parking lots and the fenced-off tree line behind the business complex have been identified as high-risk areas for trash and graffiti accumulation and are primary focuses of our daily exterior inspections. Managers, day-to-day employees and Security Personnel conducting inspections for trash are trained to search for and detect high-risk litter items such as empty cannabis packaging or empty tobacco/alcohol containers along with trash items like food wrappers, papers, single-use face masks, and other general litter. Any trash observed is immediately picked up and disposed of accordingly. Daily exterior inspection protocols for graffiti include observation of all surfaces on our facility and on neighboring structures to detect any graffiti or derogatory markings. Any graffiti detected is immediately removed within 24 hours of discovery by painting over the graffiti to match the color of the surface to which it was applied.

Vehicle and Pedestrian Traffic: We have identified risk factors for delivery vehicles, customer vehicles, third-party vendor vehicles and pedestrians that may result in a neighborhood compatibility non-conformance. Our commercial vehicle storage and incoming shipments occur within Vendor Intake and do not interfere with any customer parking, neighbor parking, or any other traffic near or around the facility. Security personnel patrol the parking lot to ensure customers are not inhibiting traffic for neighboring business' vehicles, commercial vehicles or pedestrian traffic. The parking entrances for vehicle ingress and egress offer a safe pathway to the premises that prevents traffic-related incompatibility issues. We coordinate incoming or outgoing shipments of cannabis goods, equipment, and non-cannabis business materials during times when customer traffic is expected to be the lowest to avoid excessive vehicle traffic. We proactively address delivery-related vehicle traffic by coordinating delivery schedules ahead of time and always secure incoming deliveries in the restricted area of the parking lot. Security Personnel observe all customers exiting the facility as they leave the premises to either their vehicle or to a public transportation stop and shall ensure that all pedestrians are using sidewalks, adhering to proper rights of way and that no loitering is occurring. Security Personnel monitor the parking lot and adjacent properties to ensure these areas are cleared of employees and their vehicles one-half hour after closing. We prevent impaired driving and customer behavior that could lead to excessive traffic, accidents, or other traffic concerns. Signage is prominently posted to inform customers of the potential for cannabis to impair drivers.

Landscaping: We inspect the facility exterior for grass, weeds and foliage within 50' of the building that may lead to the harborage of pests, any food or water supply outside of the facility that could attract and support a pest population, check all of the pavement on the premises and ensure it is well-maintained, arrange to have any cracks in the pavement repaired, check that all dumpsters are closed and close any open dumpsters. The proposed landscaping will include California native, drought-tolerant plants that are indigenous to the Sonoma County area. Drought-tolerant flora will allow us to ensure landscaping maintenance and to not only avoid many weed species and seasonal browning endemic to grasses and non-indigenous species, but to also maintain landscaping so as to not allow overgrown bushes and shrubbery that could allow for persons to conceal themselves.

E.2. YOUTH PROTECTION

OTC understands the sensitive nature of youth exposure to cannabis and the potential harm it may have on a given community's youth population. The overall location is strategically located away from any buildings or stores that cater to youth, to prevent any exposure to youth and avoid any potential negative feedback associated with a sensitive use like cannabis retail. To further mitigate issues of youth exposure, OTC has developed a comprehensive strategy to proactively protect youth from the impacts of exposure to cannabis and maintain maximum discretion throughout operations. Our strategy includes a heavy focus on perimeter security bolstered by personnel from ArmorTech Security, detail-oriented check-in and client verification procedures and limited and tactful exterior signage. Our strategy has been proven to be effective in our eleven (11) other licensed cannabis retail businesses throughout



California. We have scouted the immediate neighborhood surrounding our proposed location at 129-133 Healdsburg Ave to identify and mitigate any impacts the location may have on Healdsburg's youth. While our proposed location is compliant with the all zoning buffers established by the City, we believe that every location requires a heightened approach to public safety and youth protection. Accordingly, we have developed an overall Youth Protection Plan to prevent youth exposure to cannabis and provide parents and the overall community with a sense of comfort that the youth population is insulated from commercial cannabis operations. The Youth Protection Plan includes the following proactive protection components:

Public Outreach and Educational Program: We have developed a public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis and identifies resources available to youth related to drugs and addiction. See *below under E.2.A. Youth Protection: Public Outreach and Education Plan for further detail.*

Marketing and Advertising Practices: We go to great lengths to ensure that all marketing and advertising practices are implemented in a way that does not target underage customers. We always obtain reliable up-to-date audience compositions demonstrating that at least 90% of our audience is reasonably expected to be 21 years of age or older, which aligns with our customer base's composition. This is well above the state mandate of 71.6% and ensures that our advertising and marketing strategies predominantly target an adult audience. We do not advertise via billboards within the confines of Sonoma County to protect both the youth population within the city limits as well as the youth population in surrounding areas where they could be attracted to our facility in Healdsburg. We also do not advertise internet sources that youth use frequently, such as TikTok or Snap Chat. Further, we ensure that all advertisements do not depict individuals under the age of 21 nor will they feature products that are packaged or labeled in a way that appeals to minors as these cannabis goods are not carried at our store.

Signage and Identifying Markers: Our facility's façade will not include any cannabis related graphics, signage or identifying markers that could communicate the building's use for retail cannabis activities. The building's windows are frosted and preclude visibility to any of the displays or contents of the proposed facility. Our business identification signage does not communicate any sort of inclination that our store is a commercial cannabis business. Our delivery vehicles also do not have any signage that would make one recognize it as a cannabis delivery vehicle. Delivery vehicles have designated parking spaces in the rear of the property where movement of cannabis goods are completely out of view from the general public.

Perimeter Security: Our Youth Protection Plan prevents loitering by individuals of all age groups. Security Guards conduct roving exterior patrols to reinforce perimeter security and uphold the commitments to preventing public disturbance outlined above in *E.1.A. Preventing Nuisance and Adverse Community Impact.* Roving Guards deter public nuisances and threats such as excessive noise, litter, graffiti, crowds, urban blight, and any other criminal activity that occurs within proximity to our business operations, with specific observations of these individuals' general ages in an effort to detect youth about the facility's exterior. Security Personnel patrolling the exterior of the facility are trained to detect and monitor individuals that are loitering or behaving in ways that could attract youth that are passing by the facility. This includes customers who have recently left the facility who are gathering by their vehicles or adjacent streets. Security Personnel instruct these individuals that they cannot remain on the premises and reinforce our cannabis consumption prohibition if they are attempting to use products they have just purchased.

Identification Verification: We station Security Personnel from ArmorTech Security at the entrance of the facility that work with Cannabis Specialists who have been designated as Verification Specialists to check customers into the facility. Verification Specialists and Security Personnel are extremely well versed in spotting false identification and confirming the validity of customer and identification before allowing them to enter. Security Personnel are also responsible for deescalating any situations where a minor has attempted to enter the facility with false identification and contacting law enforcement to determine proper course of action. The presence of Security Personnel combined with rigorous check-in procedures ensure that only qualified individuals gain access to the facility. By being subjected to identification verification upon entrance, at check-in, and upon checkout, OTC's staff triple verify all customers



to ensure no underage individuals or individuals with false identification are able to access the facility or purchase product.

Product Procurement Standards: We maintain compliance with all state and local regulations governing the production, sale, packaging and labeling of cannabis goods that appeal to minors. Specifically, we only source cannabis goods from licensed operators, and we do not carry any cannabis goods that depict images, logos, or other visual characteristics that are designed to mimic popular candy, soda, food, snacks or any other popular products that are consumed by minors. If we receive any questionable products that imitate any packaging used for goods that are typically marketed to children, we will deny the shipment and have it sent back to the appropriate distributor. While this is required by law, we believe that limiting the amount of cannabis goods that are attractive to children will help keep cannabis goods out of the hands of curious children of parents who use cannabis.

Odor Control: Cannabis odors are quite distinct and youth who may not know what cannabis smells like could pursue the source of the strange odor. Our facility could then become recognizable as a commercial cannabis business if these odors escape to the outside of the building. We take a multi-faceted approach to odor control to mitigate this potential issue. We proactively address odor to prevent youth exposure and possession by implementing the Odor Control Plan described in *E.I.B. Proactively Addressing and Responding to Complaints*, and by upholding the onsite consumption prohibition highlighted in HMC § 20.20.095 (B)(7)(h).

Monitoring Purchase Limits: Transactions are completed under a client's profile and customer ID number within the Meadow POS system. This allows us to track purchasing histories as well as to ensure that clients do not exceed daily purchase limits. We make note when a customer regularly meets or tries to exceed their daily purchase limits and flag this individual's Meadow profile. Monitoring daily purchase limits allows us to see which customers may be purchasing excess cannabis goods that may be diverted to minors. We maintain logs of these occurrences that contain the client's identifying information, create a document of high-risk clients and train our Cannabis Specialists to observe the store for these customers. Verification Specialists are also trained to recognize these high-risk customers. If a Cannabis Specialist observes one of these high-risk clients in our store, they are instructed to alert a Team Lead, who will be present to verify identification, oversee the entire transaction and ensure that the client is unable to exceed their daily purchase limit.

E.2.A. YOUTH PROTECTION: PUBLIC OUTREACH AND EDUCATION PROGRAM (POEP)

We develop a Public Outreach and Education Program (POEP) for youth organizations, educational institutions in each community we operate in that outlines the risks of youth addiction to cannabis and identifies resources available to youth related to drug risks and addiction. The program takes a multi-faceted scientific and sociological approach to this sensitive topic. We combine simple principles of biology and mental health to explain addiction and how cannabis impacts the young brain and body while acknowledging the social implications of drug use, such as peer pressure, social withdrawal, etc. The human brain is not considered fully developed until the age of 25, even though it is legal to consume cannabis at age 21, so we have outlined educational outreach efforts for youth of all ages to ensure they know the risks of cannabis use even if they are legally allowed to consume. This program is developed in coordination with local school officials and leaders of youth organizations to ensure outreach and educational materials are directly correlated to the local youth population's needs and attitudes. Some of these educational materials are distributed in our store along with their placed orders when customers make a purchase, while other materials are distributed to school officials and leaders of youth organizations to use and pass along to local families. We hope to use this program as a platform of contribution to Healdsburg's public health outcomes for the youth population, using education and transparency to both inform and protect Healdsburg's young community members. The POEP is comprised of the following core strategies: (1) Develop consumer education to ensure parents and other members of society understand the risks of youth cannabis use and can aid our efforts to keep cannabis out of the hands of youth; (2) Collaborate with local school and government officials to disseminate educational materials, audit the effectiveness of educational materials and update/provide new materials as necessary; (3) Collaborate with non-profit organizations such as the California Department of Public Health (CDPH) Youth Cannabis Prevention Initiative, D.A.R.E. and the Substance Use Disorder Prevention (SUDP) program to provide support resources to youth and ensure that any education efforts made by other organizations are confounded in accurate data and scientific



principles; (4) Implement a Youth Protection Plan at our facility that has proven to be successful in preventing youth access and exposure to cannabis at all other OTC facilities; and (5) Conduct regular community outreach to hear community member concerns on youth cannabis use and OTC's role in prevention.

Community Outreach: We value communication with the local community, and we connect with community members and local officials on a regular basis. This starts during the application phase of the overall process. We send out introductory letters to all neighboring businesses and residences within 600' of the facility. We also send flyers inviting community members to our OTC Open House and our Grand Opening. We will reach out to the local Parent Teacher Association (PTA) at Healdsburg Unified schools, The Healdsburg School, St John the Baptist Catholic School, and any other relevant educational institutions to hear their concerns and form a collaborative relationship to improve our Youth Protection Plan. These meetings occur on a quarterly basis. We also check in with our neighbors regarding our performance in neighborhood compatibility, youth protection and public safety. We provide surveys with a series of targeted questions for neighbors to evaluate the implementation of our Good Neighbor Policy and Public Health Outreach Program, with a comments section where neighbors can highlight any additional concerns they may have. The Community Relations Officer, the Business Development Officer and other members of ownership and management evaluate these surveys, contact neighbors that have brought up additional concerns and form a plan to mitigate these issues. We believe that maintaining our role as a good neighbor and responsible member of the local business community is an important performance indicator for our operation and we hold ourselves to extremely high standards with respect to community outreach.

Educational Materials: Our Consumer Education Plan includes the development of educational materials that are designed for parents to prevent their children from accessing their cannabis products and to also help them educate their children about cannabis. We solicit input from local school officials and survey local parents on what information would be the most helpful regarding these topics, send them to the City Manager and any other necessary local officials for approval and disseminate them to our clientele upon every purchase of cannabis made at our store or through our delivery service. Some potential topics include child-proof packaging, keeping cannabis locked away if children are present in the home, laws governing diversion of cannabis to minors, negative impacts of cannabis on youth development and impaired driving prevention.

Resources Available to Youth Related to Drugs: We are working with the following organizations to collectively provide resources to youth relating to drugs and addiction:

Project True: Project TRUE (Teens R U Educated?) is a youth leadership development program facilitated by the Center for Well-Being that utilizes a peer-to-peer education model focusing on tobacco, cannabis, and alcohol. Project TRUE provides youth opportunities to gain confidence and skills around leadership, advocacy, public speaking, and research. Youth also learn about mental health and positive coping skills to better support their peers. Some Project TRUE chapters are also part of Sonoma County Friday Night Live, a youth program affiliated with California Friday Night Live Partnership. Project TRUE is supported by funding from the California Department of Public Health, California Tobacco Control Program, Sonoma County Friday Night Live, and the Santa Rosa Violence Prevention Partnership. Project True currently has seven chapters located in Windsor, Santa Rosa, and Petaluma. OTC will work with Project True and the Center for Well-Being to provide Project True after school programs to interested schools in Healdsburg.

D.A.R.E.: D.A.R.E. was founded in 1983 as an extension of youth education on risky behaviors such as drug and alcohol that was already being taught in schools nationwide. Today, D.A.R.E. has grown into a massive network of non-profit organizations, teachers and other stakeholders that educates school children and faculty about the dangers of drug and alcohol use in the form of events, presentations, written materials and various other media. D.A.R.E. has a California chapter that is one of the organization's oldest in the nation. OTC is forming a partnership with D.A.R.E. to provide resources for youth in the form of counseling and outreach. Concerned parents can contact us via phone, email or in person to link their child with a D.A.R.E. representative, who may be able to help the child directly or link them to more concrete healthcare, counseling or other resources. We are also collaborating with the California D.A.R.E. chapter to audit the effectiveness of our youth prevention strategies, receive guidance on how best to reach



as many people as possible and the distinct nuance of providing education to youth without directly being able to interact with them at our facility. D.A.R.E. will be an ongoing partner of OTC in Healdsburg to ensure we are doing our best to promote public health and safety for the youth of Healdsburg and Sonoma County.

California Department of Public Health (CDPH): The CDPH will be an ongoing collaborative partner of OTC’s to ensure that we are providing the most up-to-date and most effective resources available to youth regarding cannabis and addiction. The CDPH’s Youth Cannabis Prevention Initiative includes the California Cannabis Surveillance System (CCSS) and the Cannabis Education and Youth Prevention Program (CEYPP). The CCSS is a public health data collection and analysis system for youth and adult cannabis use, legal, social, and environmental impacts, and health outcomes. The CEYPP provides health education and prevention to reduce the negative impacts and consequences of cannabis use through state and local partnerships and public awareness campaigns. We look forward to forming one of these local partnerships, receiving guidance from CDPH on public awareness campaigns and modeling our outreach programs after CDPH’s proven strategies to mitigate cannabis use in youth populations.

E.3. NEIGHBORHOOD AND COMMUNITY OUTREACH

Healdsburg is one of Northern California’s crown jewels when it comes to wine tourism, art and hospitality. Between Michelin Star restaurants, exclusive tasting rooms, a proliferation of exceptional fine art galleries, and a diverse array of other growing businesses, we are very fortunate to have the opportunity to integrate our business model into an established business community. To cement our commitment to becoming a constant benefactor for the City’s financial health, public safety and overall civic success, we have taken various steps to ingratiate ourselves with the Healdsburg community and ensure that we are prepared to offer the best possible contributions to the local business landscape and to the community overall. We have developed numerous strategies for community outreach across the eleven (11) different jurisdictions in which we operate and while each jurisdiction is unique in terms of core values, beliefs and attitudes, we are intimately familiar with the requirements of being a good neighbor and a positive contributor to public safety, health and welfare given the sensitive nature of our business. Below are some of the strategies that we have implemented to get to know the Healdsburg community, understand the community’s needs and craft the best possible Neighborhood Compatibility Plan for how to best aid in the neighborhood’s sustained growth:

Community Relations Officer: Ownership and management are held accountable to the community and are willing to implement changes to ensure good neighbor policies are upheld. A designated manager is always available during business hours to monitor employee performance, patron conduct, and compliant facility operations. We have appointed Kika Keith as Community Relations Officer (CRO) for the City of Healdsburg. As the CRO, Kika is available via phone, email or in person 24 hours a day, 7 days a week for citizens to voice their concerns regarding our operations; our CRO’s contact information is provided to all neighbors within 500’ of the facility. Our CRO’s contact information is conspicuously posted in a visible font size on the main entry doors to our premises, and management provides any complainants or inquirers with the CRO’s contact information. OTC ensures the CRO’s contact information is accessible on our website, marketing material, technology platforms, and is available to any individual upon request. If at any point we designate a different individual as the new Community Relations Contact, we will provide the new contact information to the City Manager within 48 hours of the designation.

OTC Open House: As stated above in *E.1. Preventing Nuisance and Adverse Community Impact*, OTC hosts an Open House for every new business that we open. The primary function of the Open House is to get to know our neighbors, community members, regulators, local business owners and all of the other important people that have helped make Healdsburg the great wine country community it has become. We provide a tour of the facility and the overall property, walk attendees through all of the neighborhood compatibility strategies listed in this plan and solicit feedback regarding the community’s concerns about our operations and how we fit into the local landscape. The Open House has proven to be a great conduit for forging strong relationships with our fellow community members in all of the 11 jurisdictions in which we operate.



OFF THE CHARTS

Community Outreach: Multiple members of our team have already spent time in the community conducting outreach and forming relationships with our neighbors and other community members. Chief Compliance Officer (CCO) Sean Maddocks has spent significant time in the City going door to door to meet local business owners, notify them about our planned operations, understand any concerns they might have about commercial cannabis and try to alleviate these concerns through explanation of our experience with promoting public safety and security. Sean began his outreach with our immediate neighbors, Taqueria Guadalajara, Panderia Costa Chica and the Healdsburg Veterinary Hospital, and then conducted outreach within a larger radius to meet with management of the McDonalds across the street, the Chevron gas station on the parcel to the south of the property and Bright Event Rentals to the north. He continued his outreach to the Downtown Square, which is also within close proximity to our facility to meet with staff at Black Oak Coffee, Willi’s Seafood and Raw Bar, Oakville Grocery, Spoke Fork Cyclery and some of the art galleries scattered throughout downtown. They discussed our location, our proposed security measures, other neighborhood compatibility efforts, community benefit initiatives and tentative plans for future collaboration upon our licensure. Sean was also able to gain a thorough understanding of the community’s overall aesthetic preferences for interior and exterior design so we can ensure that our facility blends with the community upon renovation and outfitting. Overall, this outreach yielded positive results and helped our team establish meaningful relationships and connections with Healdsburg’s business community.

Collaboration and Cross Promotion with Hospitality Destinations: In addition to general outreach and the other strategies mentioned above, Business Development Officer (BDO) Adam Mernit lives in neighboring Marin County, has managed a cannabis cultivation business in Sonoma County’s rural Bennett Valley, and has spent a lot of time in Healdsburg throughout the last five years. Adam’s wife also has significant ties to Healdsburg, working as a concierge for a company that manages three (3) luxury vacation rentals scattered throughout Sonoma County for the last five years and developing strong relationships with many wineries, vineyards, transportation companies, restaurants and other prominent hospitality destinations in Healdsburg. As part of OTC’s efforts to get to know the Healdsburg community, Adam has developed a plan for ongoing collaboration and cross-promotion with some of these important businesses both in Downtown Healdsburg and throughout the surrounding areas. Some notable potential partners include Single Thread, The Matheson, Little Saint, Bardiva, Costeaux, Lambert Bridge Vineyard and Winery, Verite Winery, the Marine Layer Tasting Room, and various others. Many of these businesses are on the cutting edge of winemaking, the culinary arts and overall hospitality and attract tens if not hundreds of thousands of local residents and tourists on an annual basis. These destinations and their offerings blend perfectly with the experience that OTC offers, and we are working to arrange cross promotional partnerships. Our planned partnership efforts include promotional materials for these local partners offered at our store, vouchers for a discounted dining experience or wine tasting, collaborative marketing efforts on social media, co-hosted events throughout the City and various other methods. We are hoping to continue to grow our profile of local business partners and continue to get to know the Healdsburg community, ultimately offering yet another layer of attraction as the exclusive tourism destination Healdsburg has been for decades.

E.3.A. NEIGHBORHOOD DESCRIPTION AND POSITIVE CONTRIBUTIONS

Our proposed facility is located at 129-133 Healdsburg Ave Healdsburg, CA 95448, which is located in South Central Healdsburg. The property is roughly 800’ from the exit ramp for Exit 503 Central Healdsburg on Hwy 101 and is shares close proximity to the Mill District, which is Healdsburg’s newest downtown neighborhood. The 10-acre site of the Mill District existed for decades as a lumber mill; the neighborhood’s namesake honors



the hardworking history of lumber workers and the industrial materials of timber and steel that form the foundation of the neighborhood’s new architecture. The Mill District apartment complex is located right across the street from our proposed retail facility, which will eventually feature 43 condominiums designed by world-renowned architects Olson Kundig. Within the Mill District, our proposed facility is situated in a small business corridor along Healdsburg Ave that includes fast food restaurants, gas stations, hotels, storage facilities and some small casual dining restaurants.



The Russian River is roughly a half mile to the east, with a small residential neighborhood in between our business corridor and the river. The property is just 800’ south of the Mill St/Healdsburg Ave roundabout, which is the southwestern gateway into the Downtown Plaza. Our proximity to downtown Healdsburg is greatly beneficial for our business and for our future customer-base who can access our facility on foot, on bicycle, or in a motor vehicle within 10 minutes.

Positive Contributions to the Neighborhood: OTC’s presence in the Mill District will result in the following community improvements and positive contributions to the surrounding area.

Aesthetic Improvements: We have allocated roughly \$1 million to improvements for our property to modernize the existing buildings to better blend with Healdsburg’s modern and charming aesthetic. These upgrades are primarily focused on our building, but also include upgrades to the neighboring restaurant and the Mexican market at the other end of the shopping center as a good faith effort towards community improvement. These improvements are geared towards blending with the Mill District development’s aesthetic and visual elements of the Mill District’s architecture in an effort to modernize the entire neighborhood. Additional landscaping is planned alongside our building with native plants to Sonoma County. The renderings included in *G.2.C. Visual Depictions of the Proposed Exterior* within **SECTION G: PROPOSED SITE PLAN** show our vision for what the property can look like and how it will cohesively integrate with the upcoming development of the Mill District.

Enhanced Security: Recent research is showing that the presence of a commercial cannabis business in a given neighborhood actually improves safety and security outcomes for the neighborhood, which is contrary to the popular belief that cannabis businesses cause more security issues in a neighborhood. Our proposed facility features numerous security features that protect the premises and our neighbors from security breaches such as robbery and violence. This includes

[REDACTED]. We will also be collaborating with the Mill District security team across the street to form an enhanced security presence throughout the neighborhood.

Increasing Walkability and Public Safety: Between the influx of new residents into the neighborhood from the new Mill District condominiums, our planned efforts to make our property more attractive, and the already existing foot traffic for some of the restaurants in the neighborhood, we believe there is a need to extend the walkability and convenience of the Plaza down to our neighborhood. The only crosswalks in the neighborhood are to the north at the Mill Street/Healdsburg Ave roundabout and the traffic light at the Exit off of Hwy 101, with a stretch of ~1,230’ in between with no safe Healdsburg Ave crossings. Our goal is to conduct a traffic study to determine the feasibility of adding a stop sign and/or additional crosswalks on Healdsburg Ave that is centrally located between our facility and the Mill District apartments to improve traffic and pedestrian safety outcomes for Healdsburg residents, discourage jaywalking, and create a more cohesive neighborhood overall.

Enhanced Traffic for The Plaza and Greater Downtown: We anticipate serving roughly 400 customers per day, which translates to 12,000 customers per month and 144,000 customers per year. Based on our proximity to the Plaza and the rest of Downtown Healdsburg, this could result in significantly increased foot traffic for our fellow businesses throughout Healdsburg and thus increased revenue and overall performance. A large component of our marketing initiatives are promoting the proximity to The Plaza and the new Mill District, so we anticipate that the natural trajectory will be to continue on to Downtown Healdsburg after visiting our store.

E.4. MINIMIZING NEGATIVE ENVIRONMENTAL IMPACTS

We incorporate green and environmentally conscious practices in all areas of operations to mitigate the environmental impact of our commercial activities. OTC’s business practices reflect a combination of deference to the natural landscape of Sonoma County, sustainable design elements throughout our facility, the latest sustainable equipment and technology, and cultural practices that prioritize environmental consciousness. We hope to set an example in the business community for sustainable practices through the incorporation of renewable energy to reduce emissions,



water conservation and various other initiatives. We project that our sustainable practices can save the City annually in ancillary costs stemming from excess energy use and contribute to the ongoing fight to combat climate change.

Green Building Design & Execution: Our design and construction plans comply with limitations on demolition waste, anticipate future use of solar panels to provide supplemental energy, utilize high efficiency appliances, implement transportation management strategies, and meet or exceed energy performance standards. We look to the standards of Leadership in Environmental and Environmental Design (LEED) certification to guide construction and renovation processes and are working with a contractor who has experience in designing and outfitting facilities to meet these rigorous sustainability requirements. OTC emphasizes locally available materials to reduce environmental costs relating to transportation, incorporate green elements into interior and exterior design and provide flexibility through dynamic planning and design. One essential green conscious design element we implement in all our floor plans is to place the Storage Room in the back of the facility to prevent extreme temperature fluctuations caused by the main entrance and secure exit doors being opened and closed upon customer entry and exit. Designing the facility as such reduces the burden placed on the HVAC system to attain stability of internal conditions in storage spaces and reduces electricity costs and fossil fuel use.

Water Conservation: We limit water use by integrating drought tolerant landscaping and installing low-flow fixtures. California’s mission to reduce the burden on limited freshwater resources has compelled introduction of xeriscaping techniques. We integrate native drought tolerant species such as Western Redbud and Manzanita along with low impact irrigation methods to mitigate demands on water consumption. An automated deep-drip irrigation system and aesthetically pleasing mulch surfaces minimize evapotranspiration and enhance the visual design for all added landscaping. Further water conservation measures include application of low-flow fixtures throughout the facility. Our facilities are outfitted with EPA designated “WaterSense” faucets and toilets, which use 20-30% less water than conventional systems.

Energy Use Auditing: Our views of neighborhood compatibility and preventing adverse impacts on the community includes sustainability measures to prevent excessive emissions generation stemming from our commercial cannabis operations that harm the community over time and inhibit Healdsburg’s ability to combat the current climate crisis. To audit and evaluate our performance with respect to sustainability, we submit an Annual Benchmark Summary to the City Manager and the Environmental Sustainability Department using the US Environmental Protection Agency’s ENERGY STAR Portfolio Manager. This involves the collection and inputting of energy usage data into the ENERGY STAR platform on a monthly basis and verification of this information by running the Portfolio Manager’s “Data Quality Checker” or equivalent as approved by the City. Energy usage data will be made available through the Portfolio Manager in the form of a reporting hyperlink provided to the City Manager and any other local agencies. We will also submit an Annual Statement of Sources of Electricity, which includes identification of the electricity provider, the type of product procured and, if applicable, a description of onsite renewable energy generation and an Annual Energy Benchmark Summary on an annual basis no later than March 1st of each year. We will continue to develop new environmental initiatives with respect to renewable energy over time and involve City officials in any considerations we make. More detail regarding our commitment to sustainability is provided in **SECTION F: COMMUNITY BENEFITS AND EQUITY PLAN.**

Alternative Modes of Transportation: Mitigating traffic congestion and reducing emissions relating to transportation is an essential civic duty for stakeholders in a central business district. OTC implements strategies that create incentives for employees and customers to use alternative modes of transportation. As part of this initiative, we provide a bulletin for employees with information on public transit routes, ridesharing information, bicycle/metro route, safety information, and other pertinent information and materials. Our employees and customers can enroll in our public transportation voucher program, which reimburses costs for the use of transportation. We also provide funding for safe bicycle storage, such as racks or lockers, bike U-locks, helmets, and other equipment for customers who qualify for low-income discounts. OTC’s facilities maintain proper sidewalk clearance space from bike racks for wheelchairs, and ensure adequate number of curb cuts, in compliance with the Americans with Disabilities Act.



Materials/Waste Storage and Disposal: We always practice the Three R's of Sustainability: Reduce, Reuse, Recycle. Separate recycling containers are placed throughout the facility for staff and clients to ensure regular pickups are conducted with ease. Electronic waste is collected and brought to appropriate outlets. We emphasize sustainability internally, while also encouraging the residents to be stewards of the environment as well. In an effort to promote recycling community-wide, we offer a discount program to patrons who bring their packaging from previous visits back for reuse so long as such a program is permitted by local law. Such a program encourages our patrons to play an active role in reducing waste across the board in the cannabis industry as well as minimizing the packaging waste that we must account for. OTC's recordkeeping system incorporates the goal of eliminating paper records in the scope of compliance whenever possible to reduce our overall waste contribution. OTC creates a lighthearted competitive atmosphere amongst the staff by tracking the amount of waste produced at the facility and introducing incentives for reducing the amount of landfill waste generated.

Equipment & Policies: We use environmentally friendly equipment whenever feasible and have established green company policies for the sole purpose of creating environmental consciousness amongst the staff. Equipment and materials include hybrid powered delivery vehicles, "Energy Star" rated appliances, integration of recycled materials with respect to interior design elements, and photovoltaic panels. We plan to purchase at least two (2) delivery vehicles and to outfit each to meet Local and State specifications. Our fleet features the Toyota Prius, which provides benefits to drivers and supports our overall environmental pledge. The hybrid engine affords 52 MPG, and the Prius is consistently lauded as one of the most environmentally progressive vehicles available.

Rewards Program: We offer rewards to team members who engage in environmentally friendly behaviors. Team members who carpool to work, ride a bicycle, or take public transportation, will accrue reward points. Team members also acquire points for recycling, utilizing energy efficient practices, or suggesting a new implementable environmental practices for OTC. These reward points are redeemable for prizes, OTC branded merchandise and employee discounts.

Electric Charging Stations in Parking Lot: OTC will work with the city to outfit our parking lot with 208/240 V 40-amp electric vehicle charging stations for no less than 5% of on-site parking spaces.

Product Procurement Standards: In addition to the value of social equity, our product procurement policy includes support of environmentally friendly practices through suppliers that incorporate sustainability measures to cultivation, manufacturing and distribution. We seek out cultivators that employ renewable energy, demonstrate low water usage through efficient irrigation and recycling technologies, and reduce environmental impact through innovative business models and equipment. We grant preferential consideration to suppliers that practice sustainability, including organic farming methods and materials, limited energy consumption, efficient irrigation practices and water recovery techniques, generate limited waste, implement agricultural technologies that increase efficiency, and/or demonstrate philanthropy toward environmental concerns.



SECTION F: COMMUNITY BENEFITS AND EQUITY PLAN

Off The Charts (OTC) is focused on becoming stewards of the community in every jurisdiction in which we operate. Each community has its own unique sense of identity, and we recognize Healdsburg's identity as an attractive, healthy and prosperous place that values its diverse heritage and embraces thoughtful change. We look forward to working with the City of Healdsburg to conscientiously integrate our proposed retail business into the City's existing social fabric and unique character. OTC has developed a Community Benefits and Equity Plan that outlines strategic initiatives, company policies and outreach efforts to enrich quality of life for individuals in Healdsburg. Our community benefits and equity efforts include: (1) Offering benefits such as collective bargaining rights, training, compensation packages, health benefits, continuing education and diversity programs to support a diverse and talented staff; (2) Providing a wage that far exceeds minimum requirements to facilitate financial stability for our staff; (3) Consistently conducting community outreach for open positions, focusing on local hiring and sourcing and providing other economic opportunities to bolster the socioeconomic status and purchasing power of Healdsburg's local workforce; (4) Donating resources and partnering with local organizations that facilitate opportunities and equity for Healdsburg residents; and (5) Working to help advance organizations and businesses that help make Healdsburg such an invaluable tourism destination. We have outlined our Community Benefits and Equity Plan to feature a heavy emphasis on supporting a vast array of local causes; we have selected these causes with the intent of working to bolster social equity and improve the quality of life in the surrounding community through the preservation and enhancement of the City's local environment and resources. OTC is steadfast in its commitment to serving Healdsburg and being stewards of the local business community. Our team's community-focused approach has been a large part of our success in eleven (11) existing cannabis business jurisdictions, and we look forward to applying that same approach to the City of Healdsburg.



F.1. COMMUNITY AID

Our support of the local community is exemplified by the direct aid, participation in, support and funding of local organizations and their respective causes. We are regular contributors to local organizations in every jurisdiction we operate, and these jurisdictions have greatly benefited from our presence through monetary donations, volunteer hours and various other forms of contribution. ***In Healdsburg, we are exceeding the four percent (4)% required tax on gross receipts and contributing a total of five percent (5%) to the City on an annual basis. In addition to the tax on gross receipts, we are committing one percent (1%) of gross receipts to local non-profits, community-based organizations, civic organizations, and social services organizations who are also working to help the City accomplish its goals and facilitate a better, more prosperous Healdsburg. This will result in a total of six percent (6%) being redistributed back to both the City of Healdsburg and local organizations that continue to advance the goals and core values of the City.*** While we cannot identify specific organizations, we are currently looking into sponsorships and financial support for select organizations, programs community events such as fairs, after-school programs, youth centers, local schools, school athletic programs, school clubs, community centers, homeless shelters, senior centers and parks and recreation programs. Our Community Benefits and Equity Plan's financial contribution selection process is guided by our intent to help the City of Healdsburg actualize and uphold the Vision, Mission and Values outlined in the City of Healdsburg 2020-2025 Strategic Plan, which is as follows:

Vision: Affirm and enhance our community as an attractive, healthy and prosperous place by valuing our diverse heritage and embracing thoughtful change.

Mission: In Healdsburg the city's mission is to create an atmosphere of innovation and diversity that enhances the values of the community which support: young and multi-generational families, our rich and broad agricultural roots, innovative and sustainable businesses and healthy quality of life.

Values: (1) Accountability; (2) Communication; (3) Honesty; (4) Innovation; (5) Excellence; (6) Vitality; and (7) Efficiency.



Donations are prioritized for organizations whose goals and core values align with those of Healdsburg’s goals and strategic initiatives in their 2020-2025 Strategic Plan. In addition to the above values that we also uphold, below is a summary of how our business will help the City achieve all of the strategic initiatives included in the Strategic Plan: (1) Economic and Diversity Growth; (2) Environmental Stewardship; (3) Affordable Housing; (4) Infrastructure and Facilities; (5) Effective Governance; (6) Public Health and Safety; and (7) Community Services. OTC’s continuing Community Benefits efforts also focus on pervasive needs throughout the communities we serve, which include providing support for at-risk populations and youth; helping combat the homelessness crisis in California communities; and ensuring local services and programs for youth and senior populations.

Chamber of Commerce Membership: Our proposed operations in Healdsburg will garner various benefits for the local community including to local non-profits and community, civic or social-service-based organizations. We are joining the Healdsburg Chamber of Commerce to confer with local stakeholders and determine exactly what goals the City is most expeditiously pursuing and how we can help achieve these goals rather than making superfluous donations of funds and volunteer hours that do not meet specific City needs. Our collaboration with the Chamber of Commerce is an ongoing feature of our Community Benefits and Equity Plan, which ensures our ability to make an actionable change and improve the quality of life throughout the City.

Staff Volunteer Hours: In addition to direct aid to local Healdsburg organizations, OTC pledges to directly serve and engage the community through our commitment to staff volunteer opportunities within the City of Healdsburg. For more information see **F.5. Volunteer Hours** below.

Community Events: In addition to donations of funds and volunteer hours to local organizations, our Community Benefits and Equity Plan features OTC-hosted events that provide education about cannabis, facilitate social equity in the cannabis industry and community overall, and help fellow business owners and organizations understand our commitment to the City’s viability. We regularly host educational workshops that teach attendees about our products, the various production methods for cannabis goods, health education regarding responsible consumption, public safety education about crime prevention in surrounding neighborhoods, and other topics that blend general education with information about our nuanced approach to community engagement. We also host equity-driven events such as expungement clinics for community members with qualifying cannabis convictions to help remove barriers to re-entry and promote enhanced socioeconomic status for these individuals in Healdsburg.

F.2. MINIMUM WAGE

OTC is committed to exceeding current Living Wages to make an immediate economic impact in Healdsburg. OTC’s compensation plan goes beyond local and federal mandates to compensate all employees at a minimum wage of \$21.50/ hour. Beyond base compensation, we offer various internal promotions, employee stock option opportunities and extensive employee benefits; see **B.5 Living Wage** and **B.4 Employee Benefits** within **SECTION B: LABOR AND EMPLOYMENT PLAN** for further detail.

F.3. EMPLOYEE BENEFITS

Our staff is afforded one of the most competitive benefits packages offered in the cannabis industry to date. This includes health insurance, various forms of paid leave, vacation, continuing education incentives, wellness reimbursements and various other benefits that make OTC a great place to work. Please see **B.4. Employee Benefits** in **SECTION B: LABOR AND EMPLOYMENT PLAN** for a summary of each of the offerings contained within our benefits package.

F.4. LOCAL OUTREACH PLAN

OTC is committed to local hiring in Healdsburg and will strive to hire exclusively Healdsburg residents in an effort to consolidate job opportunities within the City of Healdsburg. Local hiring efforts are executed with an eye toward improving socioeconomic outcomes for members of disenfranchised and targeted communities within the City of Healdsburg. Our primary goals with respect to local outreach are to establish a network of business reciprocity and increase local expenditures, hire locally, work with local vendors to source equipment, supplies and services and maintain beneficial relations with employees.



OFF THE CHAIRS

Providing Opportunities for Diversified and High-Paying Jobs for Healdsburg Residents: Local hiring is imperative to OTC’s overall goals as a business in every jurisdiction in which we operate. We have vast experience in working with the community to source qualified candidates from all different walks of life and are applying this experience to bolster the local economy in Healdsburg through job creation. Our commitment to local hiring at other locations has been rewarded by our amazing staff and their ability to connect to local clients and the greater communities we serve. In our Palm Springs stores, we have maintained a strong emphasis on local hiring; 12 out of 16 employees are Palm Springs residents at one location and our second location employs 25 Palm Springs residents out of 35 total employees. OTC upholds its reputation as a business that provides meaningful opportunities for residents and contributes to the City’s diverse economic base by striving to maintain no less than two-thirds (66%) of its workforce, including managerial and low-level positions, as individuals whose primary residence is Healdsburg. We look to other local jurisdictions surrounding Healdsburg such as Windsor, Geyserville or Santa Rosa to supplement our Healdsburg-based workforce and keep purchasing power and employee benefits as close to Healdsburg as possible. We seek out team members from non-traditional sources to ensure employees represent the diversity that exists at our retail locations. By actively seeking employees from the local community, OTC aims to offer jobs to promote socially equitable hiring and employment practices. We plan to staff 20 employees upon initial opening with an increase to 26 employees at full capacity, which we have projected will occur within one year of operations. This will tentatively result in \$1,087,928 in payroll for our employees at full capacity, which substantially enhances these individuals’ socioeconomic status. Our community improvements and contributions are compounded by the compensation and benefits that we provide for our staff, which directly translate into increased tax revenue and purchasing power generated by the Healdsburg community.

Outreach Strategies: We will work with local community organizations and other non-profits that offer employment services to execute this initiative. OTC will also strategize with local employment agencies to help source qualified Healdsburg residents. We are also replicating our work with cannabis-specific employment agencies such as Vangst, FlowerHire, Careers in Cannabis, and Talent Acquisition Specialist to ensure we are sourcing qualified individuals with cannabis business experience. Beyond these efforts, we feature job listings at local community centers, community colleges, vocational schools, in local publications, and at other locations where Healdsburg residents frequent. OTC also advertises open positions on Indeed, Glassdoor, ZipRecruiter and Monster’s websites and participates in various local job and City organized fairs. Job postings are made public for a minimum of 30 days, and posts shall only include qualifications and skills necessary for the job using inclusive, unbiased, ungendered language. CRO Kika Keith and her project, the Social Equity Individuals Training Hub, is also a conduit for local staff development by sourcing equity candidates, providing them cannabis-specific training and forming a pipeline of knowledgeable, diverse employees for all of our businesses. Through specifically targeted relationships with local vendors and service providers, retail cannabis training programs for residents, and equal opportunity initiatives, OTC is vigilant and confident in its ability to attract local hires and achieve our local hiring objectives for the City of Healdsburg.

F.5. COMMUNITY SERVICE HOURS

In addition to direct aid to local Healdsburg organizations, OTC understands the value of public service and works by direct participation as a way to connect to the communities we serve on an intimate level. We offer an option of up to **40 paid volunteer hours annually** for each of our employees. At full capacity, this results in **1,040 volunteer hours contributed by our staff on an annual basis**. This equates to one full work week allocated to community services on an annual basis, which exemplifies our commitment to the City of Healdsburg. Employees are compensated at their respective rates for all paid volunteer hours. Staff and Managers work with the local Chamber of Commerce and the Development Services Department to determine local non-profits and community associations for our team members to contribute paid volunteer hours to.

F.6. LOCAL SOURCING

Concentrating revenue and financial gain within Healdsburg’s business community is a catalyst for improving community members’ socioeconomic status as the City has a heightened ability to bolster community programs and



provide opportunities for residents. Rather than look to large corporations with national footprints, OTC works with businesses with strong local roots to secure at least 75% of supplies, equipment and services from local businesses. We are working to source a local contractor and local electrician who can complete the interior and exterior renovations listed in **SECTION G: PROPOSED SITE PLAN**, we will be using a local vendor for all of our business materials such as fixtures, furniture and printers, and we are working to source a local company for the installation of our security and alarm systems in coordination with the Bay Alarm Company. In addition to the renovation, design and continued evaluation of our facility with a local designer, we plan to partner with various other local business to source the necessary equipment and supplies for adequate business function of our retail storefront. Through careful research we have identified the following businesses and potential partnerships for locally sourced materials in the initial and ongoing stages of operations:

- **Healdsburg Lumber Co./Syar Industries.:** Building materials for facility development
- **Hansel Automotive Dealers:** Delivery vehicles maintenance and repairs
- **Ongaro and Sons:** HVAC consult, installation and/or renovation for facility development
- **Castillo and Castillo:** Landscaping installation and maintenance
- **Russian River Rose/Prickett's Nursery:** Plants and other landscaping fixtures
- **Sonoma Connection:** Print materials, branding consult and other marketing needs

We are projecting that site development could allocate \$700,000-\$900,000 in revenue for local businesses throughout Healdsburg. Rather than look to large corporations with national footprints, OTC works with businesses with strong local roots to secure supplies, equipment and services from local businesses. We maintain a large network of local vendors for equipment, supplies and services and look to develop more local sourcing outlets over time.



OFF THE CHAIRS

SECTION G: PROPOSED SITE PLAN

G.1. EXISTING SITE

G.1.A. PHYSICAL ADDRESS

OTC's proposed location of 129-133 Healdsburg Ave, Healdsburg CA 95448 is located in the Mill District, which is Healdsburg's newest neighborhood in Southern-Central Healdsburg.

G.1.B. NARRATIVE DESCRIPTION OF EXISTING SITE

The proposed location is in a small shopping center and is directly accessible from Healdsburg Ave, a main thoroughfare that runs north and south through the City and leads directly into downtown Healdsburg. Those traveling North on Hwy 101 must take exit 503 Central Healdsburg and go North on Healdsburg Ave to arrive at the facility. Those traveling South on Hwy 101 must take exit 504 Westside Rd, turn right on Mill Street and another right on Healdsburg Ave at the traffic circle. The proposed location is approximately 800' South of the Mill St/Healdsburg Ave roundabout. The existing premises is currently comprised of two tenant spaces totaling a combined 1657ft². The parking lot has 32 marked parking spaces, two of which are ADA accessible. The driveway off of Healdsburg Ave directs traffic to the central parking spaces as well as parking spaces in the rear portion of the shopping center. Healdsburg Ave has an existing sidewalk that runs north and south with a protected cross walk along Exchange Ave, approximately 240' from the proposed location. The immediate surrounding area is primarily comprised of a gas station to the south, a McDonalds to the east, a veterinary hospital to the north and Highway 101 to the west. Of important note is the soon-to-be-complete luxury condominium complex called the Mill District. This 10 acre complex stretches the span of the block between Exchange Ave and Mill Street. Construction is projected to complete in spring 2024, a few months before our anticipated grand opening. Given the proximity to our location, we anticipate significant foot traffic from residents of the apartment complex. Parking is not permitted off Healdsburg Ave, which places an emphasis on our parking lot and vigilant monitoring to prevent overcrowding and vehicular dangers. The closest northbound bus stop is directly across the street for lines 60, 60x and 67, and the closest southbound bus stop for lines 60, 60X and THRU is approximately 200' north of the premises, also on Healdsburg Ave.

G.1.C. PHOTOGRAPHS OF EXISTING PROPERTY





G.1.D. CURRENT USE OF THE SITE

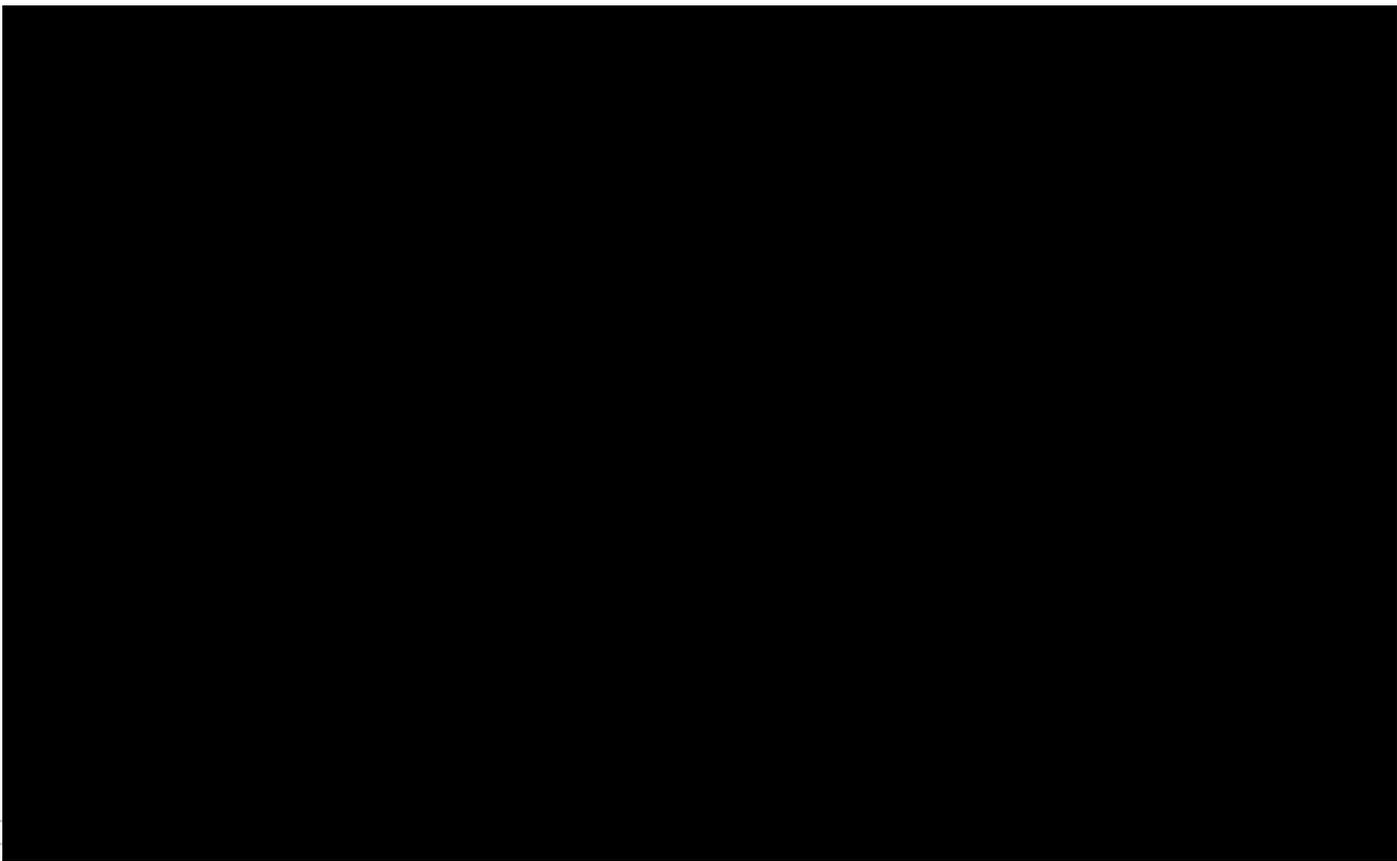
The existing site comprises of two tenant spaces: (1) 129 Healdsburg Ave is currently vacant and (2) 133 Healdsburg Ave is a Pizzeria called “La Pizza.”

G.1.E. BUSINESSES OPERATING ON THE PARCEL AND ADJACENT PARCELS

Our proposed location is in a small shopping center and is collocated with various other operational businesses, including: Panaderia Costa Chica; La Tradición Market; Taqueria Guadalajara; Susy’s Ice Cream; Fashion Salon; and La Pizza.

G.2. PROPOSED SITE

G.2.A. SITE PLAN





G.2.B. DESCRIPTION OF PROPOSED SITE IMPROVEMENTS

Our proposed site improvements are primarily focused on modernizing the existing aesthetic to further blend with Healdsburg’s charming character while maintaining cohesion with the upcoming Mill District condominium complex across the street. The property currently has a dated, stucco orange façade with pink awnings that are in poor condition. Our tenant improvement primarily focuses on façade, window and awning rehabilitation, painting, and enhanced branding via Off the Charts signage; See below under *G.2.C. Visual Depiction of the Proposed Exterior* below for further detail. Façade rehabilitation will include completely re-stuccoing the entire building and replacing the dated awnings with sleek black awnings that better align the property with Healdsburg’s aesthetic standards. The frontward and south-facing portions of the building will be clad in environmentally friendly Ipe wood cladding that will be customized to create the upward trending chart graphic that is synonymous with the Off the Charts brand. Modern sconces will be positioned on the exterior walls to provide architectural detail and strategic lighting. An overhaul of the property’s landscaping is accomplished by adding two new planters to improve aesthetic appeal from Healdsburg Ave and throughout the complex. Drought-tolerant, native landscaping will be implemented throughout the property for a cohesive site design and cleaner aesthetic that immediately increases curb appeal and creates a welcoming upgrade to the neighborhood’s environs.

In addition to improvements to our building, we will paint and refinish the stucco exterior of the other building on the site and work to update the awnings that surround the street-facing portions of the neighboring building. These improvements will provide a streamlining of the entire property that contributes to the modernization of the Mill District. We will repave and restripe the parking lot to improve visibility of parking spaces and promote traffic and pedestrian safety. We intend to conduct a traffic study and work with the City and the new Condo complex to investigate the possibility of adding a new stop sign and/or additional crosswalks on Healdsburg Ave between the Hwy 101 exit and the Mill St/Healdsburg Ave roundabout to increase pedestrian accessibility in the neighborhood.

G.2.C. VISUAL DEPICTION OF PROPOSED EXTERIOR





G.3. IMPACTS ON SURROUNDING AREA

The proposed modifications and utilization of the site for cannabis retail will have a resoundingly positive impact on the surrounding area’s public health, safety, welfare, environmental quality and overall quality of life. We have been operating commercial cannabis facilities throughout California for the last six (6) years and have experienced noticeable improvements stemming from our operations in the surrounding areas and the communities overall. Our experiences have been reinforced by the feedback we receive from local regulators concerning our operations, and our community-focused approach has proven to be successful in achieving these outcomes. Below is a brief summary of how our operations in Healdsburg will positively impact the surrounding area:

Public Health: The utilization of our site for cannabis retail will improve public health for the surrounding community and Healdsburg overall. Our Community Benefits and Equity Plan feature our commitment to partner with local organizations that strive to improve public health outcomes in Healdsburg, and we will see that our donations and additional contributions will provide them with the necessary resources to achieve desired public health outcomes. We will also be contributing directly to the community’s public health through education and transparency. The educational materials included in our Consumer Education Plan help instill invaluable knowledge in our customer base and provide them all of the necessary tools and resources to make informed decisions about cannabis, which in turn mitigates serious adverse events relating to cannabis sourced from our facility. We strive to provide the best quality cannabis products on the market and are confident that our Medical Patients and Adult Use customers alike will experience relief from various ailments when they purchase and consume these products from our store.



Safety: A growing body of research suggests that public safety outcomes improve drastically in areas where cannabis retailers are located compared to before they began operations in a given community. We have experienced this same improvement in public safety in Vista, Palm Springs, Winterhaven, Crenshaw, San Francisco and Sherman Oaks. Our facilities feature Security Personnel from Armortech Security, the installation and advanced capabilities of our surveillance, alarm and monitoring systems from Bay Alarm Company, facility design that incorporates operational security and concentric circles of protection, and best-in-class standard operating procedures. Between these security elements and the vigilance of our staff in protecting the premises and product, our operations will facilitate heightened public safety for all customers and community members in the surrounding area.

Welfare: The proposed modifications and utilization of the site from cannabis retail activity will promote public welfare in the form of economic growth, labor force expansion and the enhancement of civic capabilities. Our proposed operations will result in 20 new positions available and \$818705 in payroll upon initial opening and 26 positions and \$1,087,928 in payroll at full capacity, which will substantially improve the socioeconomic status and purchasing power of Healdsburg community members employed by OTC. We plan to source all vendors and contractors for tenant improvements and site development locally, which bolsters Healdsburg's economy by keeping revenue within the City of Healdsburg rather than looking to large corporations who provide services all over the country. We also anticipate upwards of \$2.7M in financial contributions being allocated to the city over our first three years of operations based on 5% of revenue from gross receipts allocated to the City and 1% of gross receipts to local organizations, which will be redistributed to the community in the form of more public resources and improvement of existing government, private and non-profit programs thus promoting welfare for all Healdsburg residents.

Environmental Quality: A healthy, safe environment is one where community members have consistent access to fresh food, are provided with ample opportunity for physical activity and are insulated from the devastating impacts of climate change by intelligent choices involving the use of community resources. Sustainability and environmental conservation are significant components of OTC's overall core values, and this is exemplified by our facility design, our community engagement efforts, and our day-to-day business practices. Please see *E.4. Minimizing Negative Environmental Impact* within **SECTION E: NEIGHBORHOOD COMPATIBILITY** for further detail.

Quality of Life: Quality of life is a universal measurement of an individual's fulfillment and ability to function in an organized society. Various political, social, and economic factors contribute to an individual's quality of life, spanning from their disposable income to their health outcomes and everything in between. The socioeconomic and environmental implications of the commitments outlined above and throughout this application all lead to improved quality of life whether it be in the form of job security for our employees, aesthetic improvements in our neighborhood, improved climate change outcomes that provide a better future for Healdsburg or convenient access to cannabis products that provide wide-ranging health benefits to our customers and everything in between. Our current cannabis operations have already contributed immeasurably to the quality of life in the jurisdictions in which they operate and within the last six years and we look forward to implementing our proven, community-driven business tactics in Healdsburg to accomplish the same quality of life goals.