COMMERCIAL CANNABIS

LICENSE APPLICATION

CITY OF MARINA

CANNABIS RETAIL DISPENSARY, DISTRIBUTION
AND MANUFACTURING LICENSES
M-TYPE AND A-TYPE LICENSES

ELEMENT 7 MARINA LLC
www.element7.co

ELEMENT 7

TABLE OF CONTENTS

1	ELEMENT 7 INTRODUCTION
2	MARINA DISPENSARY AND NON-DISPENSARY PERMIT APPLICATION
3	INDEMNIFICATION AGREEMENT
4	LIMITATION ON CITY'S LIABILITY
5	PROPERTY OWNER APPROVAL
6	CANNABIS BUSINESS OWNER BACKGROUND APPLICATION MATERIAL & LIVE SCAN FORM
7	ORGANIZATIONAL STRUCTURE & QUALIFICATION OF OWNERS
8	PROPOSED LOCATION
9	BUSINESS PLAN
10	SECURITY PLAN
11	SAFETY PLAN
12	LOCAL ENTERPRISE PLAN
13	NEIGHBORHOOD COMPATIBILITY PLAN
14	COMMUNITY BENEFIT PLAN
15	CONTACT INFORMATION

AVERY 80031-4

THANKS FOR THE

OPPORTUNITY

Dear Layne and Matt,

I want to personally thank you for allowing us to participate in the Cannabis Permit Application process in the City of Marina.

We are looking to significantly expand our operations across the State of California in 2019 and 2020 and Marina is at the top of our priority list.

If we are successful in securing a medical cannabis permit, you will have my full commitment to doing all that we can to work with the City to achieve common goals of properly and purposefully accelerating development and commencing operations.

We are tremendously excited about the opportunity and look forward to working with the City, community, and constituents of Marina to build a cannabis business, operated in partnership with the local community, you will embrace.

The site we have secured at 234 Reservation Road is the optimal site, we believe, for a cannabis dispensary. With off-street parking for over 20 vehicles, the site will allow us to operate an integrated holistic wellness cannabis dispensary with a learning zone for first-time and new cannabis consumers, a wellness retreat for plant-based micro-treatments, and a range of retail shopping experiences designed to educate and heighten the cannabis consumer and experience.

My personal cell phone number is [redacted]. I can be reached at any time if you would like to discuss any aspect of our application further.

Yours sincerely,

Robert 'Bobby' DiVito
Founder and CEO
Element 7 Marina LLC
[redacted]

Tony Raffoul
Co-Founder
Element 7 Marina LLC
[redacted]

ELEMENT 7 IS

CANNABIS EDUCATION

My journey in the cannabis industry started in 2010 when I ventured from Chicago to California. I was twenty-eight years old and ready to make my mark on a nascent industry ripe for disruption. I'd grown my car-parking business from a single employee to over seven hundred in three short years and was ready to take on a new challenge.

The business idea was ahead of it's time for an industry not yet ready for a technological change, and so, I moved back to Chicago and founded my next business - Imagination Children's Academy. In only its third year of operations, it was voted Chicago's 'Best Children's Academy'.

With California marching towards adult-use legalization, I decided it was time to re-enter the cannabis industry and I once again found myself back in California, this time armed with a vision and a plan for educating the industry.

I took a General Manager role at Riverview Farms (Monterey Cannabis Co), one of the State's largest cannabis greenhouse operations. With 720,000 square feet of cultivation, manufacturing and distribution operations, this role gave me oversight across the entire industry and spurned my belief that the only way we as an industry could eradicate the black market and produce clean cannabis at-scale, was to treat it like any other crop with large-scale agricultural production.

In 2017 I was successful in lobbying the State to adopt the 'Campus Model' in California's MAUCRSA, and landing 'big-ag's' first financial foray into the commercial cannabis industry in California's Central Valley with a $51 Million investment.

Having secured a strong position on the supply side of the industry, I decided in 2018 that it was important to focus on demand. That led to the formation of Element 7 - a company focused on educating cities across California on the positive benefits of a clean, compliant, and controlled cannabis industry and what that can do for economic development in small communities.

Today, Element 7 has educated over 100 cities and communities across California and we continue to be one of the leading advocates for change, micro-development, and agile growth in an industry that will look very different tomorrow than it does today.

ELEMENT 7 WILL BE A ROBUST

LOCAL ENTERPRISE

Born in Syria, **Tony Raffoul** is a wonderful example of how an individual can contribute in every way they can to make their new local community a home. At the age of 19, Tony emigrated to the US from Lebanon and Germany where he had grown up avoiding wars and conflict in his birth country.

On arriving in the US he attended College in Pennsylvania and then earned an MBA Degree in the same State. He then moved to Santa Barbara County after falling in love with California's Coastal Region.

For the last 4 years Tony has built a range of successful businesses in the City of Marina, creating economic development and local jobs. His key business, Marina Spirit Smoke Shop, has been a thriving successful business for the last 4 years seeing over 300 customers a day.

Tony has a great reputation with his customers, partners, and vendors, is active in the local community (he collects street and beach rubbish each weekend with the **C4SM Program** - Citizens 4 Sustainable Marina) and would operate and manage Element 7 Marina on a day-to-day basis as General Manager and Co-Founder of the business.

Tony lives in the Marina community, calling the City home, and is passionate about the continued development of Marina and business in the City. Tony was a strong advocate for Measures P, N and V, creating a range of new taxes for the City, and ushering in the City's cannabis ordinance measures that have created the framework for the industry to operate in today.

HOLISTIC WELLNESS CENTER

COMMITTED TO HEALING

We are currently under contract to purchase the building at 234 Reservation Road, which would allow us to build a sustainable long-term business at the location servicing the patients, residents, and tourists of Marina with high-quality cannabis products in a dispensary committed to holistic wellness.

With off-street parking for over 20 vehicles adjacent to one of Marina's busiest traffic intersections, the site will allow us to operate an integrated holistic wellness cannabis dispensary with a learning zone for first-time and new cannabis consumers, a wellness retreat for plant-based micro-treatments, and a range of retail shopping experiences designed to educate and heighten the cannabis consumer and experience.

The attached manufacturing and distribution businesses will allow us to vertically integrate and deliver 'wholesale at retail' pricing, and generate additional taxes and jobs for the City.

WE ARE THE OPTIMAL

CANNABIS PARTNER

The new cannabis ordinance in Marina has created tremendous opportunities for sustainable economic growth in the City. The key to achieving this growth lies in finding economically healthy and robust cannabis operators that will partner with the City to promote long-term industrial growth.

These partners will create jobs and develop entirely new forms of commerce, generating tax revenues for the City, all while serving a safe and compliant product to eager consumers and patients in the community.

Element 7 is the optimal partner that the City of Marina is looking for.

Our decades of successful business management and retail operations experience have enabled us to build a business model, team, and set of processes that guide our business operations. Our focus is on running a successful business that can cut through the fog of uncertainty, apprehension, and misinformation that is still associated with cannabis use and cannabis businesses. We do this in four ways:

Building World-Class Operations: We know that we have the best people, products, and partners in the industry, and this allows us to ensure that every interaction with our local government partners and end users exceeds even their highest expectations. Our financial backing allows us to build sustainable operations.

Stimulating Local Economic Development: We have a long track record of job creation in the communities in which we operate and tax revenue generation for those same communities. We are a collaborative organization, and we seek to strengthen not only our own position but also the larger local and regional business environment.

Prioritizing Continuous Profession Engagement: We listen carefully to customers and the communities of which they are part of. To show our commitment, we create meaningful community advisory boards that hold us accountable for the commitments we make. We have identified four local charities we would partner within Marina that supports health, education, drug rehabilitation, and veterans affairs.

Committing to Business with Purpose: We put purpose before profits, and we show this by educating at-risk youths in the community, providing discounted medicine to needy patients, supporting local community initiatives, and making firm commitments to improve our communities and the lives of those who live in them in tangible ways.

UNRIVALED RETAIL AND INDUSTRY

EXPERIENCE

Our core management team brings decades of experience in building, owning and operating over cannabis brands and businesses, packaged consumer goods (PepsiCo), retail sales management (independent store, convenience, and large grocery experience), global business operations and management (WPP) and small business operations, including Charter Schools and tech start-ups.

Element 7 LLC, is a cannabis licensing company with substantial experience in California educating cities on cannabis policy and operating cannabis businesses from cultivation through to retail. Our lead investor, ToroVerde Inc., is a vertically integrated cannabis investment and holding company. ToroVerde Inc. has committed $10.0M in capital towards Element 7's California expansion and operations.

Element 7 was formed with a vision of operating in a world where cannabis is culturally accepted and legally prescribed to treat humanity's most destructive medical illnesses.

We know that customer education and community engagement are the foundations for widespread attitude shifts that will change how cannabis is viewed, opening up the potential for cannabis as a natural herbal medical treatment. To achieve this vision, our strategic priority is to change the way cannabis is prescribed by doctors and adopted by patients and, indeed, by users as well. We do this by introducing a broad range of innovative cannabis products that can help those suffering from an equally broad range of medical and emotional health issues.

BACKED BY

DATA AND TECHNOLOGY

As the cannabis customer has evolved, so too have we, recently expanding our partnerships in the data and technology space to stay ahead of our competition, and to meet the changing needs of customers.

As the industry legitimizes itself and new cannabis customers emerge, they'll demand a richer and smarter retail experience.

Customers not only want to be engaged, entertained, and educated, they also want a retail experience that is consistent, trusted, smart, and customized to their changing needs. Our partnership with BRIGADE, the exclusive global licensee of Weedmaps search and customer data allows us to have a view of what consumers are searching for, purchasing, and talking about on a level that none of our competitors come close to. Our access to BRIGADE's data stack means that Element 7 can meet its customers needs on a hyper-local basis as trends are emerging. If Godfather OG or Cannabis Infused Coffee Beans are the next big thing in Marina based on BRIGADE's insights and trend analysis, Element 7 will know about it weeks before our competitors, allowing us to proactively manage our customer needs, rather than reactively respond to them.

Our partnership with BURPY, one of Texas' largest and best food delivery platforms is powering our cannabis delivery offer. Rather than look inside the cannabis industry, we've adapted a proven technology and platform from the food industry which we believe gives us a significant competitive advantage.

Baker Technologies helps dispensaries generate more revenue in one easy-to-use platform with online ordering, SMS marketing, customer loyalty, analytics and more. Rico Tarver, Baker's California Director, sits on the Element 7 Advisory team.

BAKER

BRIGADE

Cannabis Connected

Burpy

WE KNOW THAT OUR PEOPLE ARE OUR

GREATEST ASSET

Robert DiVito (Founder and CEO) founded the Element 7 brand and business and is a cannabis expert with experience across all aspects of the industry including cultivation, distribution, brand development, and retail operations. He is the former General Manager of Monterey Cannabis Co.

Tony Raffoul (Co-Founder) has been a local in Marina for four years, relocating to the area in 2015 to build a successful business that employs five locals. Tony is passionate about the local community and is an active member of C4SM (Citizens for Sustainable Marina) and Friends of Marina Library. He spends time each weekend with the team at C4SM keeping Marina's beaches and roads clean.

Nicholas Jack (Retail Experience Consultant) is the Chief Retail Officer Colorado's #1 dispensary. Voted the industry's #1 Retail Manager at the National Cannabis Business Awards in 2017, Nicholas has unmatched experience building, operating and scaling cannabis dispensaries. He holds a Bachelor of Science (Marketing) from Colorado's Metro State University and is transforming the cannabis retail industry with his attention to detail and eye for a changing market.

Josh Black (Marketing) has over 20 years experience building brands. He is a former Marketing Director at PepsiCo, built his own agency, and has worked with some of the world's biggest advertisers including Nike, P&G, Unilever, Gatorade and Marriott Hotels.

Amber Norwood (Compliance and Regulation) is an Attorney, Licensed Real Estate Agent, minority rights advocate, and member of NORML, California Minority Alliance and WomenGrow. Amber heads Element 7's regulatory and compliance measures.

OUR ADVISORY TEAM HAS UNMATCHED

CANNABIS QUALIFICATIONS

Four of the highly qualified and experienced individuals that sit on Element 7's Advisory Team include:

Robert T. Hoban is the pre-eminent attorney in the North American and global cannabis industry. With offices in 13 States and 10 countries, 'Hoban Law Group' has more than 72 practicing cannabis attorneys. Bob's ground-breaking 'Cannamart' case in 2010 paved the way for Colorado's regulatory system. Since then he has prosecuted and drafted policy for almost every aspect of the industry.

Lynne Lyman is the former California State Director for the Drug Policy Alliance, the nation's leading organization promoting alternatives to the war on drugs. Lyman oversees DPA's Los Angeles and San Francisco offices and provides oversight, strategy, and direction for DPA's California-based efforts on criminal justice reform, harm reduction and marijuana law reform.

Rico Tarver is one of California's most knowledgeable experts when it comes to dispensary management and technology. Strong advocate of Social Equity programs and is an active partner of the California Minority Alliance (CMA) and 'The Hood Incubator' programs. He is the Founder of CannaGather LA and was recently recognized as 'High Times Top 100 Industry Influencers'.

Dr. YuFu Cheng is a medical cannabis advocate and China's Director for Global Warming at the R20 United Nations program. Chaired globally by Arnold Schwarzenegger, R20 accelerates the implementation of 'green infrastructure' projects in waste optimization, renewable energy, and efficiency. YuFu Cheng holds a Ph.D., Ecology (Climate Change) from UC Davis.

These leaders and cannabis advocates have committed to forming the Element 7 Advisory Board & Sub-Committee with a charter that ensures the business operates in the best interests of its customers, its community, and its shareholders.

OUR ELEMENT 7 TEAM IS THE

INDUSTRY'S BEST

Element 7 is supported by a number of talented people that each have a different skill-set, diverse learning background and set of experiences in the regulated cannabis market.

This team includes **Dr. An-Chi Tsou**, who was the lead writer on California's original medical cannabis laws under the Medical Cannabis Regulation and Safety Act. She worked with dozens of stakeholders to negotiate cannabis policy in this role. An-Chi was later appointed by Governor Brown to work as the senior policy advisor for the Bureau of Medical Cannabis Regulation (now the Bureau of Cannabis Control).

Other team members at a management level have important military, security, liquor licensing, retail and cannabis experience.

Emiliano Uranga grew up in Long Beach and heads Element 7's community outreach programs in Southern California. He is passionate about civic responsibility and change in the community and has worked on over a dozen political campaigns in the last 5 years.

Courtney Barber has over five-years of responsible alcohol service experience and was a former Correctional Officer in South Carolina (Myrtle Beach Police Department).

Sheila Merchant is a Columbia University Law School graduate and has significant contractual law experience in a number of industries including cannabis.

Christopher Bloom is a LEED Certified education and community outreach specialist that leads our cannabis awareness programs. Christopher is TIPS Certified across all three levels of alcohol licensing.

Sally Courtois is an artist, designer, writer, and has worked on a range of films and TV Shows in Los Angeles. She leads production and design for the Element 7 brand.

Elicia Terry is a licensed attorney that has focused her career on providing legal services to start-ups and consulting cannabis business owners. She has experience managing cannabis compliance and licensing across the State of California.

WE HAVE UNMATCHED CANNABIS

INDUSTRY EXPERIENCE

Element 7's initiatives and experience in cannabis are significant and includes:

Monterey Cannabis Co is one of the largest greenhouse cannabis cultivators and manufacturers in the State of California. Element 7 is an investor in this business and works closely with the day-to-day management team. www.sunsoilwater.com

International Hemp Solutions is the largest importer of hemp seed into North America. Robert DiVito has sat on the Board of IHS since March 2018.

BIO365, Daily Hemp Co., 247X and SLAY Health is a range of hemp-oil phytocannabinoid rich brands powered by Element 7, sold through mass retail, Amazon, specialty stores, and direct mail. www.dailyhempco.com

Panaxia has the sole rights to Panaxia **pharmaceutical-grade cannabis medical** products for California. Panaxia is one of the world's leading pharmaceutical development companies headquartered out of Israel and formed a strategic relationship with Element 7 in September 2018. Our partnership with Panaxia allows us to sell some of the industries most efficacious medical cannabis products tested and developed under strict pharmacological-grade production. www.panaxia.co.il

In addition, **Element 7** has been awarded conditional use permits and cannabis licenses in key California cities including San Luis Obispo, Walnut Creek, and Jurupa Valley over the past 3 months - all of these businesses are currently being developed and will open for operations in late 2019 / early 2020, expanding our team and retail footprint and experience.

ELEMENT 7 IS FINANCED, FUNDED, AND

FULLY COMMITTED

The business is backed with enough funding to build, scale and operate the business, with up to USD$10.0M of committed start-up and operations funding from ToroVerde Inc. Further capital on-call will be made available, as required.

Element 7 would generate significant taxes payable to the City of Marina annually from the cannabis operations. In addition, we would generate over 15 new jobs, additional incremental business income to a number of local businesses and contribute more than $50,000 annually to a range of local non-profit entities to drive positive social change.

Our vertically integrated operations across California enable us to operate a cannabis business that is significantly margin-advantaged versus our competitors.

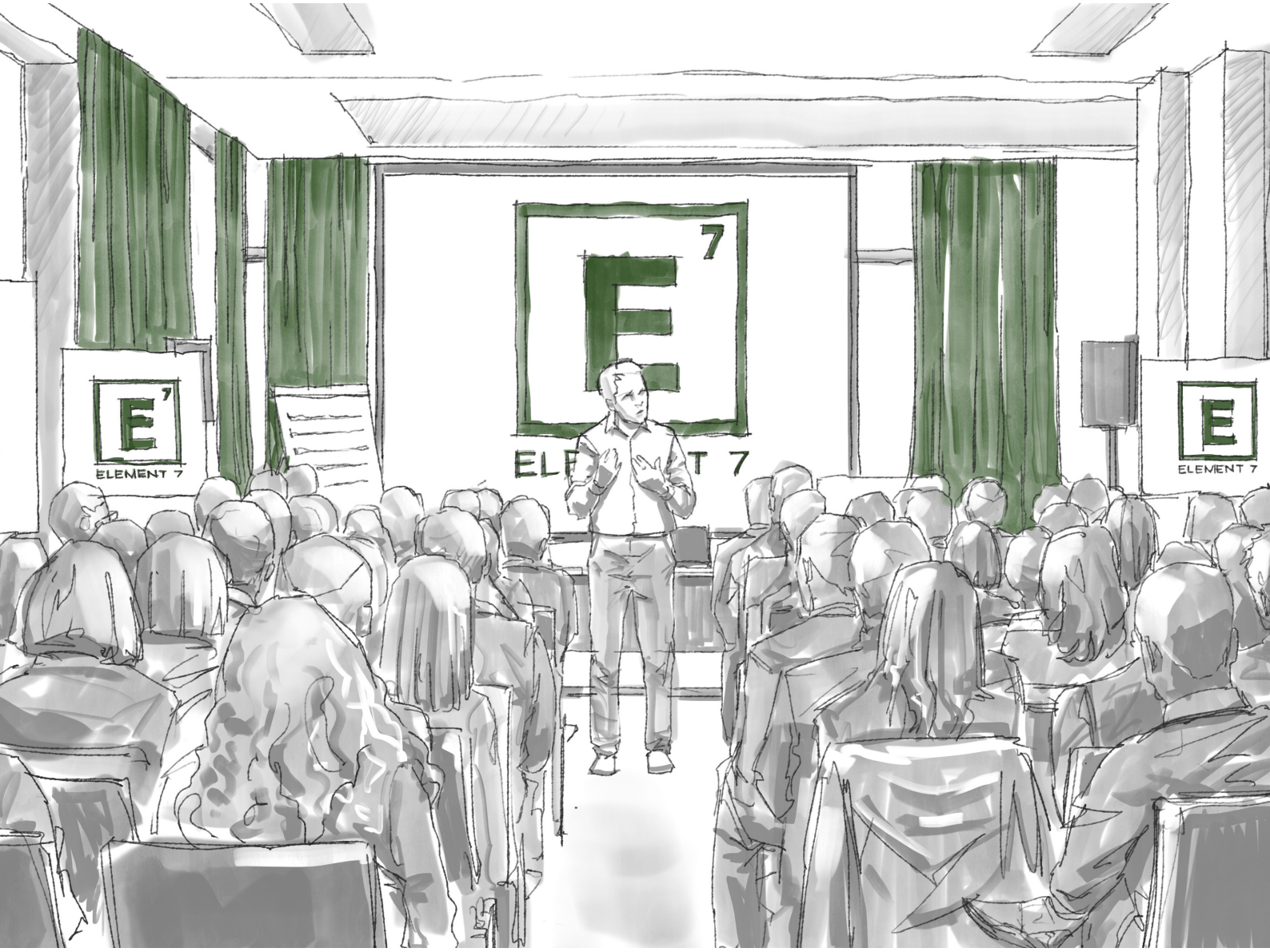
WE EDUCATE CITIES AND COMMUNITIES

TO BUILD TRUST

In our business, everything starts with education—from the proper use of the plant through to educating groups and individuals about the positive benefits of cannabis when used correctly and its dangers when abused.

Education allows people to build informed opinions—so essential in the cannabis industry, which continues to contend with a cloud of prejudice and misinformation surrounding the substance and those who use it.

Over the last four years, we have educated over 100 Cities in California regarding cannabis, many of which have since passed an ordinance that allows them to tightly control how the industry develops in their City or Town.

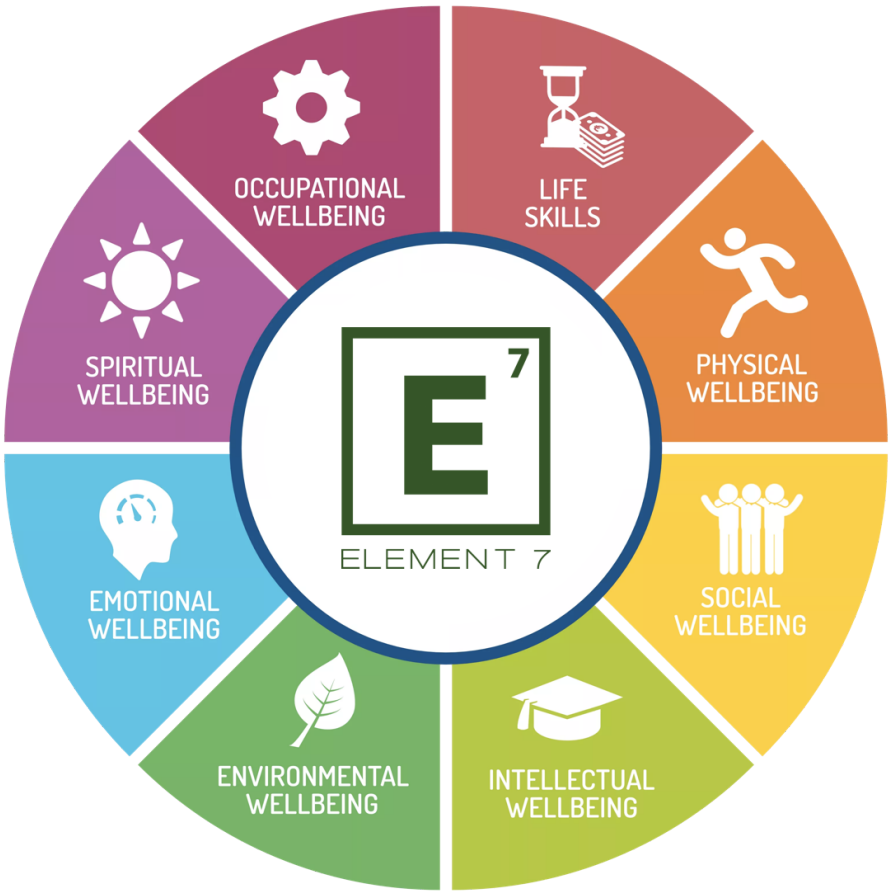


ELEMENT 7 DELIVERS COMPLETE

HOLISTIC WELLNESS

Tomorrow's cannabis consumer will be savvier than yesterday's or today's. They will demand products and brands that can safely and effectively deliver the precise experience they want. They will seek out products with proven healing capabilities and they'll want spaces that deliver in terms of entertainment and comfort, providing value on par with what their favorite brands like Apple, Nike or Coca-Cola deliver. These are the insights that inform the creation of Element 7's holistic wellness experience.

We know that this **holistic wellness positioning** will resonate with health-conscious Californians, who are always looking for ways to lead a better, healthier, and cleaner life. The proposed business aligns neatly with Marina's health initiatives that promote a range of health and wellness initiatives to tackle the most significant local health issues (rising obesity, diabetes, low rates of exercise, inadequate consumption of fruits and vegetables, asthma, and mental health issues). Element 7 is determined to work with the City to positively impact these serious issues.

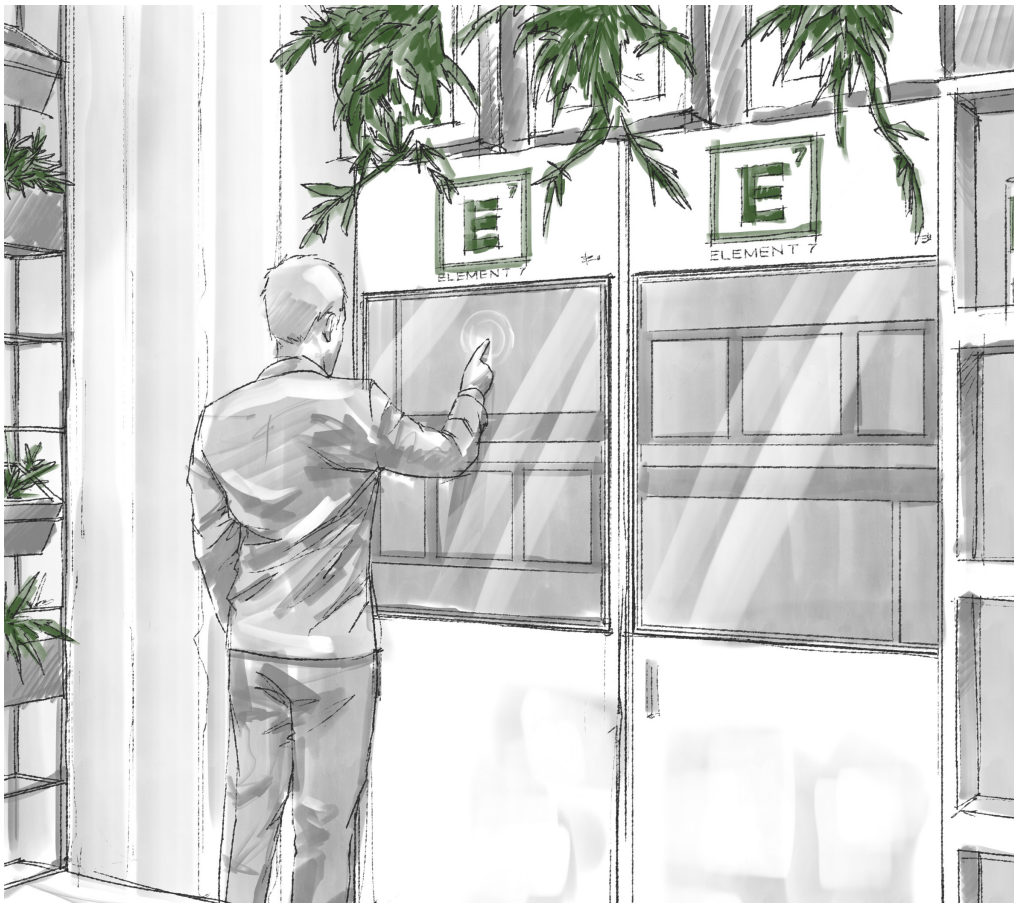


THE INDUSTRY NEEDS FORWARD-THINKING

AGILE OPERATORS

From the moment patients enter the lobby of Element 7 and sign into our dispensary with an interactive wall-mounted iPad, to the moment that they leave, they will be catered to with personalized service and embraced in an environment in which every surface, detail, and patient interaction speaks to the brand's focus on, and celebration of, holistic wellness.

The bright open-concept space we are envisioning will invoke feelings of elegance and cleanliness. Carefully curated artworks (from local artists whenever possible) and brightly colored accents will energize the room and all those who enter it. To demonstrate our commitment to horticulture, live plants will be used throughout the space (interior and exterior) to improve not only the look and feel of the space, but also the air quality within the space.



The heart of the dispensary is the **E7 Learning Zone**, an area within the dispensary that will introduce first-time users to the medical benefits of cannabis and the differences between products, strains, variants, and dosing systems. It will help patients and customers learn at their own pace in a relaxed interactive environment.

Our on-site '**Holistic Retreat**' is designed for busy working professionals who are time poor and who could truly benefit from any of our 20-minute mico-therapies and mini-treatments infused with plant-based active ingredients. These treatments will be delivered by qualified holistic wellness and therapeutic professionals and are quick and cost-effective, providing a brief but crucial respite from the workaday world.

Our **BudTenders and BudMasters** program will see Element 7's staff being among the most trained and experienced in the industry. Element 7's staff training program aims to ensure our staff receives 5X the industry training standard.

WE PARTNER WITH CITIES TO ERADICATE

NON-COMPLIANT CANNABIS

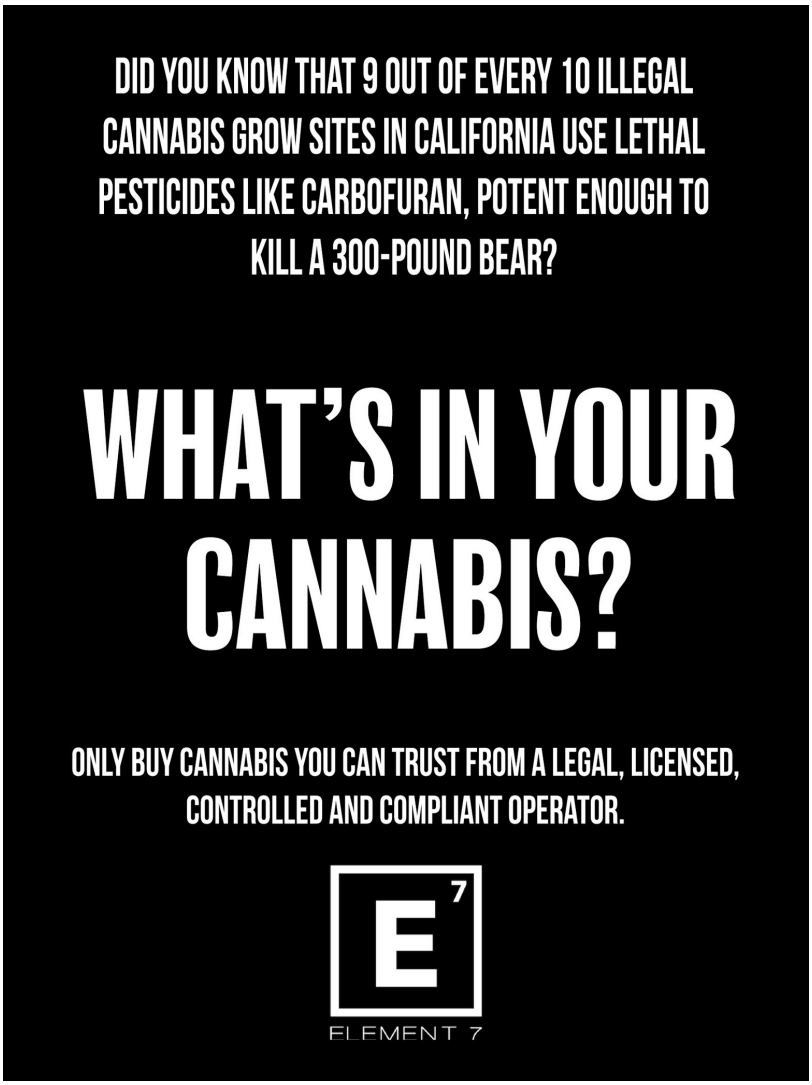
Cannabis that is untested, untaxed, and unregulated is not only bad for business, it's also dangerous for consumers. Everyone should have the right to experience the health benefits and pleasures of this incredible plant; however, to protect patients from health risks and the community from crime, cannabis must be sold by compliant, clean, controlled, taxed, and trusted operating partners.

We know that the number one reason customers continue to purchase cannabis from non-compliant operators is the price. To help drive these non-compliant sellers out of business (and hopefully out of Marina), Element 7 will be offering an entry-point for consumers that is unique: the $20 Shelf. Consumers for whom price is the main consideration will have access to the full Element 7 brand experience at an affordable price point. We are confident that this unrivaled customer experience, when coupled with an attractive price, will draw consumers out of the non-compliant market and into the compliant one.

We will go head-to-head with these unlicensed operators on price and service, and we will push well beyond them in terms of product quality, selection, and education. This is the only way to eliminate the criminal element from the cannabis industry. We know we can do this.

Education will play an important role in reducing the non-compliant market. Element 7's '**What's In Your Cannabis**' advertising campaign is designed to educate and inform consumers, shocking them into understanding that the non-compliant market isn't just bad for communities, jobs and licensed operators, but also bad for their health.

Advertisements would be placed in local publications including The Monterey County Weekly.



WE HAVE ROBUST EXCLUSIVE PRODUCT

RELATIONSHIPS

We have established a substantive array of cannabis industry relationships, each of which will us bring our premium Element 7 experience to life. These include Wonderbrett, an iconic name in the LA Cannabis scene and a team that has been cultivating premium handcrafted cannabis since 1993 (in 1997 Brett was given a cut of the original OG Kush, which catapulted him into the upper echelons of the LA cannabis scene, where he has been ever since). Wonderbrett products are in huge demand at the moment, and we will be introducing an Element 7 exclusive range to the dispensary that is sure to be a hit with local consumers. **We will build partnerships with locally licensed cultivators to support local craft cannabis production from Monterey County. We are passionate about small-batch craft premium cannabis.**

With the focus shifting towards not only attracting customers but also, through impeccable customer experience, to building unshakable loyalty, Element 7 is ideally and strategically positioned to offer consumers a product they want from brands they trust and to do so in ways that will create lasting loyalty. This will not only be good for business, but it will also be good for the City of Marina - each loyal Element 7 customer is one less customer for non-compliant and untaxed operators. Element 7 will leverage its infrastructure in cultivation, manufacturing, and distribution, with its growing interests and expertise in branding, marketing, and data.

All this together will power the meteoric rise of Element 7, making us one of the cannabis brands that will shape and transform the cannabis industry, first in California and then globally.

710LABS

RED CROW

HONEY

ONLY THE BEST

WONDERBRETT

MONTEREY

INDUSTRY-FIRST RETAIL CANNABIS STUDY

UCLA

Our relationship with UCLA recently expanded to include the Anderson School of Management, UCLA's graduate business school faculty. In a world-and cannabis industry-first, Element 7 was selected ahead of some of the world's fastest-growing tech, health, and media companies to take part in a Retail Cannabis Industry Thesis in 2018/19.

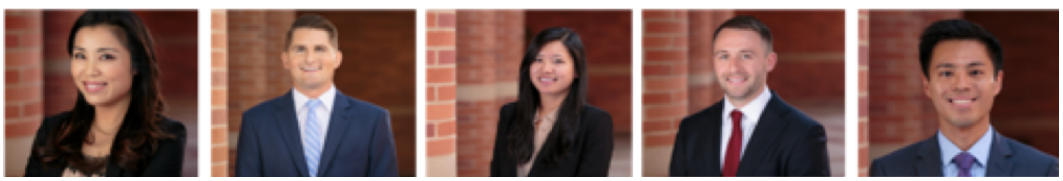
Five incredibly talented UCLA MBA Students are currently working with Element 7 to research and write their primary thesis on how Element 7 are disrupting California's $20 Billion Cannabis Retail Industry.

With diverse professional backgrounds at companies including Google, Amazon, Hulu, Medtronic, JP Morgan Chase, PWC, Bank of America Merrill Lynch, and Buzzfeed, the team is writing UCLA's first thesis focused on a specific cannabis industry operator.

The findings of these students and their fresh perspectives will play a huge part in our strategic roadmap over the next 3-5 years, during which time we will be consolidating the retail industry in California with the goal of becoming California's top cannabis retailer.

UCLA Anderson

SCHOOL of MANAGEMENT



OUR OPERATIONS ARE BACKED BY

PASSION AND PURPOSE

Our approach in The City of Marina is laser-focused on being locally relevant, which means paying particularly close attention to the needs and concerns of the community, including both residents and businesses. We understand and appreciate that the needs and concerns of the community are entirely unique, and each of these issues is carefully addressed in our Business Plan.

Element 7 wants to ensure that it pays-it-forward and pays-it-back. For this reason, we have developed a goodwill outreach program, Element 7 Cares, that promotes education, health, drug rehabilitation, and veterans affairs in Marina. We are committed to an annual budget of at least $50,000 to support this program and have identified four (4) local non-profits that we will partner with. We propose to implement our **Patient Access Program** in Marina, allowing patients with financial hardship to receive medical cannabis at subsidized prices.

Local resident, Tony Raffoul, will lead our community programs, ensuring we meet our commitments and obligations to the City, supported by our Community Advisory Board.

WE WILL SET A NEW INDUSTRY STANDARD IN

THE CITY OF MARINA

We are proud to present our vision for Element 7, and we are confident that the site we have selected will help us meet the needs of the City and its vibrant community. It will also be fully compliant with the City's Cannabis Municipal Code dealing with public safety, health, comfort, and economic development.

While Element 7 has over a decade of cannabis experience and has recently been awarded additional permits in California's Coastal Region (San Luis Obispo), Greater LA (Jurupa Valley), and the Bay area (Walnut Creek), the changing and evolving retail landscape means we are continually looking to innovate our brand and add deeper intellect to our team. We will continue to push the boundaries driving change and ushering in new retail standards that tomorrow's cannabis customer will demand, elevating our offer and continually seeking improvement.

We are committed to being the most trusted, tested, taxed, controlled, and compliant cannabis operator that the City of Marina could identify and partner with to expand the Cities cannabis business strategy and operations.

We know that the immersive and personalized environment delivered at Element 7 Marina will set new standards in the cannabis industry and help the City define how cannabis brands and businesses should operate and be governed in 2019 and beyond, and we are excited to partner with the City to achieve our shared ambitions.

Kind Regards,

Robert DiVito
Founder and CEO
Element 7 Marina LLC

Tony Raffoul
Co-Founder
Element 7 Marina LLC

City of Marina

City Manager's Office – City Hall
211 Hillcrest Avenue
Marina, CA 93933
P: 831.384.3715
www.ci.marina.ca.us

DISPENSARY & NON-DISPENSARY PERMIT APPLICATION

APPLICANT (BUSINESS) LEGAL NAME: ELEMENT 7 MARINA, LLC

DBA: _____

Proposed Address/Location: 234 RESERVATION ROAD, MARINA, CALIFORNIA 93933

Assessor's Parcel Number (APN): 032-181-018-000

PRIMARY CONTACT: ROBERT DIVITO

Title: OWNER

Address: [redacted]

Phone: [redacted] Email: [redacted]

24-Hour Contact Information: [redacted]

PROPERTY OWNER NAME: ELEMENT 7 LLC

Address: [redacted]

Phone: [redacted] Email: [redacted]

Commercial Cannabis Business Permit Type: Select from one or more of the following categories. For each category, indicate whether you are applying for Adult-Use ("A") or Medicinal ("M"), and, when applicable, which type of license you are applying for per the State's license types.

- ☒ Retailer (A/M) – Type: 10
- ☒ Manufacturing (A/M) – Type: 6
- ☐ Cultivation (A/M)
- ☐ Testing Lab (A/M)
- ☒ Distribution (A/M)

For details about the information required as part of the application process, see the Application Procedure Guidelines, Marina Municipal Code Chapter 19 and any additional requirements to complete the application process. All documents can be found online at: https://www.cityofmarina.org/.

OFFICE USE ONLY	**Fees Paid**	**Date Paid**
Date submitted: _____	Phase 1: _____	_____
Application #: _____	Phase 2: _____	_____
Submitted to: _____	Phase 3: _____	_____
	Phase 4: _____	_____

OWNER BACKGROUND INFORMATION (Must be completed by all Owners)

Under penalty of perjury, I acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true. I also understand that the information provided in this application, except the Safety and Security Plan and certain confidential information such as Driver's License and Social Security number(s) which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Name: ROBERT DIVITO JR

Title: OWNER

Home Address: [redacted]

Phone: [redacted]

Signature: _____ Date: 05/09/2019

Under penalty of perjury, I acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true. I also understand that the information provided in this application, except the Safety and Security Plan and certain confidential information such as Driver's License and Social Security number(s) which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Name: TONY RAFFOUL

Title: OWNER

Home Address: [redacted]

Phone: [redacted]

Signature: Tony Raffoul Date: 05/13/2019

Under penalty of perjury, I acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true. I also understand that the information provided in this application, except the Safety and Security Plan and certain confidential information such as Driver's License and Social Security number(s) which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Name: _____

Title: _____

Home Address: _____

Phone: _____

Signature: _____ Date: _____

Add more pages as necessary to accommodate all Commercial Cannabis Business Owners.

ADDITIONAL INFORMATION

List whether the applicant(s) has other licenses and/or permits issued to and/or revoked from the applicant in the three years prior to the year of the permit application, such other licenses and/or permits relating to similar business activities as in the permit application. If yes, list the type, current status, and issuing/denying agency for each license/permit. Please attach a separate document with an explanation, if necessary.

N/A

List any and all Owners who have been convicted of a felony or have engaged in misconduct that is substantially related to the qualifications, functions or duties of a cannabis operator, applicant, owner or employee. A conviction within this section means a plea or verdict of guilty, or a conviction following a plea of no contest. Attach a separate document with an explanation, if necessary.

N/A

Describe the Commercial Cannabis Business' organizational status:

ELEMENT 7 MARINA, LLC is a California Member-Managed Limited Liability Company formed on February 20, 2019.

Name and address of school closest to proposed location:

Los Arboles Middle School - 294 Hillcrest Ave., Marina, CA 93933

Name and address of existing alcohol-related establishment closest to proposed location:

The Otter's Den - 3166 Vista Del Camino Circle, Marina, CA 93933

Have you received a Zoning Verification Letter? (Please check the appropriate response)

☒ Yes (include the letter in your application) ☐ No

Describe the neighborhood around the proposed location (i.e., surrounding uses; nearby sensitive uses such as schools, youth centers, churches, parks, daycare centers, or libraries; transit access to site; etc.):

Attached.

APPLICATION SUBMITTAL CHECKLIST

A complete application will consist of the following items:

- ☒ Commercial Cannabis Business Application
- ☒ Property Owner Consent (page 5 of the CCB Application)
- ☒ Application filing fee(s)
- ☒ Limitations on City's Liability waiver
- ☒ Commercial Cannabis Business Application Financial Responsibility, Indemnity and Consent to Inspection
- ☒ Proof of comprehensive general liability insurance (minimum $1M per occurrence)
- ☒ Approved Zoning Verification Letter
- ☒ Live Scan/Background Check information for each Owner/Principal, including:
  - Proof of submittal of Live Scan application and payment of fee to Oxnard Police Department
  - Cannabis Permit Employee/Owner Background Application
  - Copy of Social Security card
  - Copy of Driver's License or other valid government-issued photo identification
- ☒ Supplemental information to be evaluated in Phases 2 and 3 *(see Appendix A of the Application Procedure Guidelines)*

APPLICANT CERTIFICATION

I hereby certify, under penalty of perjury, on behalf of myself and all owners, managers and supervisors identified in this application that the statements and information furnished in this application and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge and belief. I understand that a misrepresentation of fact is cause for rejection of this application, denial of the permit, or revocation of a permit issued.

In addition, I understand that the filing of this application grants the City of Marina permission to reproduce submitted materials, including but not limited to, plans, exhibits, and photographs, for distribution to staff, Commission, Board, and City Council Members, and other Agencies in order to process the application. Nothing in this consent, however, shall entitle any person to make use of the intellectual property in plans, exhibits and photographs for any purpose unrelated to the City's consideration of this application.

Furthermore, by submitting this application I understand and agree that any business resulting from an approval shall be maintained and operated in accordance with requirements of the Marina Municipal Code and State law.

ROBERT DIVITO	
Name	Signature
OWNER	05/09/2019
Title	Date

PROPERTY OWNER CONSENT

If applicant is other than the property owner(s), the owner(s) must provide a signed statement consenting to filing pursuant to Chapter 19 of the Marina Municipal Code. Original signatures only.

I/We, as the owner(s) of the subject property, consent to the filing of this application and use of the property for the purposes described herein. We further consent and hereby authorize City representative(s) to enter upon my property for the purpose of examining and inspecting the property in preparation of any reports and/or required environmental review for the processing of the application(s) being filed.

GARY LOESCH
Name

Signature

OWNER AND TRUSTEE
Title LOESCH FAMILY TRUST

6-6-19
Date

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Subscribed and sworn to before me this 6 day of June 2019, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Verda K. Flinn

NOTARY PUBLIC STATE OF KANSAS

Verda K. Flinn
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp. 6-1-22

City of Marina

City of Marina
211 HILLCREST AVENUE
MARINA, CA 93933
831-884-1278; FAX 831-384-9148
www.cityofmarina.org

CANNABIS ZONING VERIFICATION LETTER 2019-11

Applicant: Element 7

APN: 032-181-018-000

Situs Address: 234 Reservation Road Marina, CA 93933

Property Owner: Gary R and Sandra Loesch

Proposed Land Use:

- ☒ Adult Cannabis Dispensary
- ☒ Medical Cannabis Dispensary

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☒ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☐ Indoor Cultivation

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☐ Mixed Light Cultivation

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☑ Distribution

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☒ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)
- ☐ Site where another city permit type conducted

Proposed Land Use: ☒ Manufacturing

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☒ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☐ Testing

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☐ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)

Adjacent land uses and zoning districts to the site:

North: Condominiums, R-4 (across Reservation Road)
South: Condominiums, ST
East: Retail, C-1
West: Retail, C-1

For Adult Cannabis Dispensary – Site distance from another Adult Cannabis Dispensary: Undetermined at time of letter.

Analysis of Sensitive Uses:
The Cannabis operation must not be within a 600-foot radius of youth centers, schools, and daycare centers, or within 1000-feet of another permitted dispensary as described in Marina Municipal Code Section 19.02.010. Per available records, City staff has determined that the proposed Cannabis use is not located within a 600-foot radius of sensitive uses (measured from nearest building edge containing Cannabis use to parcel edge of sensitive uses listed above, and from parcel edge of Cannabis use to parcel edge of schools) as follows:

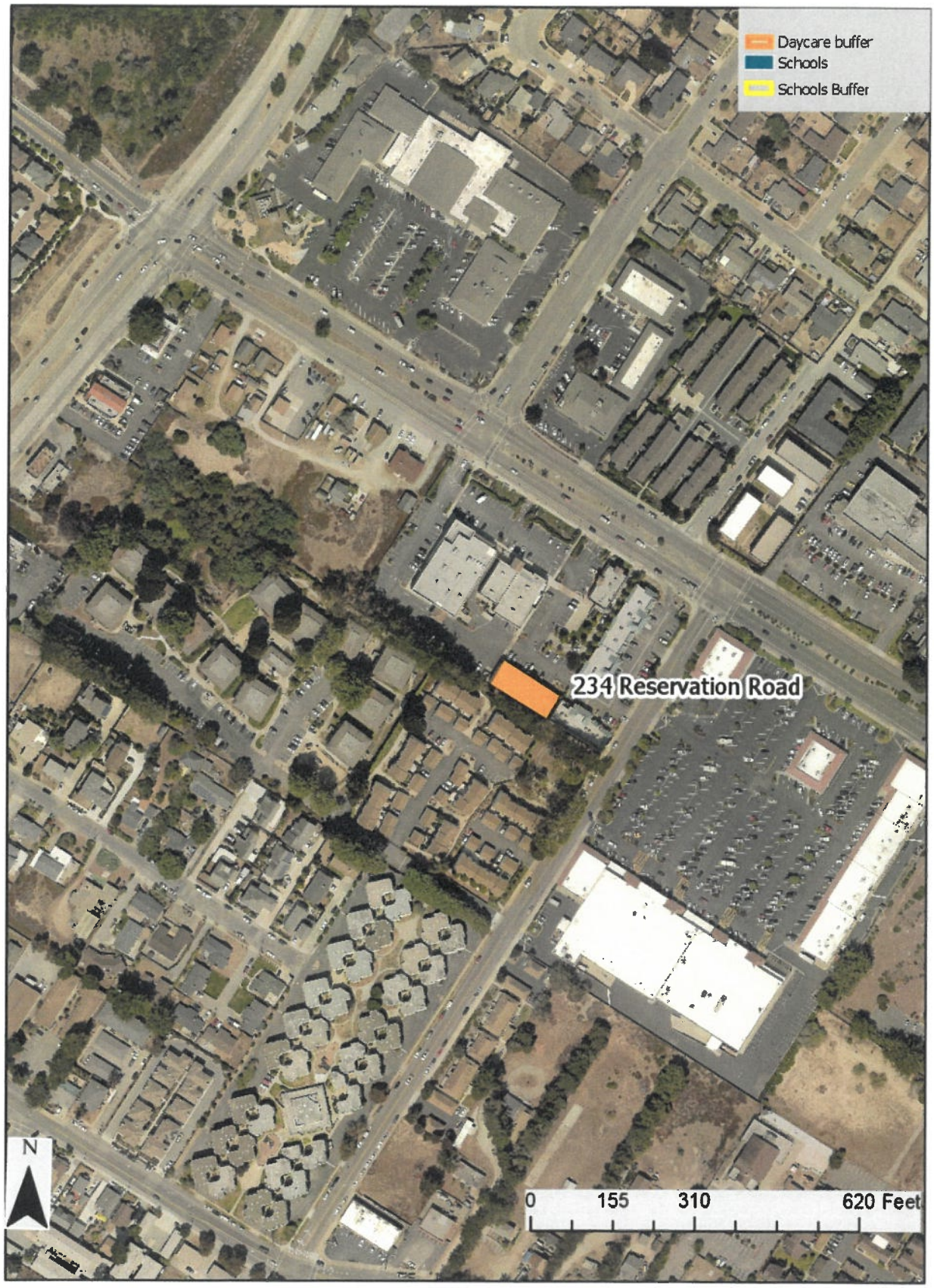
1. The parcel is located more than 600 feet from the nearest daycare, as shown on the attached map.
2. The parcel is located more than 600 feet from the nearest school, as shown on the attached map.

Action for Compliance: None necessary.

This zoning verification is based on information available to the Community Development Department – Planning Office as of the date hereof. To the extent cannabis facilities are allowed land uses under Chapter 19.01 of the Marina Municipal Code, such facilities can be established in the specified zoning district only upon issuance by the Planning Commission of a Conditional Use Permit (CUP). This zoning verification letter does not constitute a land use entitlement and is not equivalent to, a substitute for, or issued in lieu of a required conditional use permit.

Issued by: **Alec Barton, Assistant Planner** AB **Date:** **May 29, 2019**

Enclosures: Site Distance Map



This site distance map is based on information available to the Community Development Department – Planning Office as of the date hereof and does not anticipate future land use conditions that may affect the results of this map. This map does not constitute a land use entitlement and is not equivalent to, a substitute for, or issued in lieu of a required conditional use permit.

DocuSign Envelope ID: 98EDA11C-F796-48C9-8527-D898E3732617

City of Marina

City of Marina
Community Development Department
Mailing: 211 HILLCREST AVENUE
Office: 209 CYPRESS AVENUE
MARINA, CA 93933
831.884.1220; FAX 831.384.0425
www.cityofmarina.org

PLANNING APPLICATION

Project Address/Location: 234 Reservation Rd. marina CA 93933
Most Current Assessor's Parcel Number: 032-181-018-000

Applicant(s):

Name: Element 7
Mailing Address: [redacted]
Phone: [redacted] Email: [redacted]

Project Description: What do you want to do?

Property Owner Authorization:
By signing this application I certify that I have reviewed this completed application and the attached material and consent to its filing. I agree to allow the Community Development Department to duplicate and distribute plans to interested persons as it determines is necessary for the processing of the application.

DocuSigned by:
Signed 00DF3A2506FE4B1...
5/1/2019
Date

Applicant/Representative Certification:
I understand the City might not approve what I'm applying for, or might set conditions of approval. I agree to allow the Community Development Department to duplicate and distribute plans to interested persons as it determines is necessary for processing of the application.

Signed
04/24/19
Date

Permission to Access Property
This section is to be completed by the property owner and/or occupant who controls access to the property. To adequately evaluate many project proposals Community Development Department Staff, Commissioners and City Council Members will have to gain access to the exterior of the real property in order to adequately review and report on the proposed project. Your signature below certifies that you agree to give the City permission to access the project site from 8 a.m. to 5 p.m., Monday through Friday, as part of the normal review of this planning application.

DocuSigned by:
Signed 00DF3A2506FE4B1...
5/1/2019
Date

Indemnification Agreement:
The Owner/Applicant shall defend, indemnify and hold harmless the City or its agents or officers and employees from any claim, action or proceeding against the City or its agents, officers or employees, to attack, set aside, void, or annul, in whole or in part, the City's approval of this project. In the event that the City fails to promptly notify the Owner / Applicant of any such claim, action or proceeding, or that the City fails to cooperate fully in the defense of said claim, this condition shall thereafter be of no further force or effect.

Signed
04/24/19
Date

FOR OFFICE USE ONLY:
Date Application Submitted: _____ Fee Collected: $_____
Date Application Complete: _____ Receipt Number: _____
File Number(s): _____
Planner Initials: _____ Associated Permits: _____

MJ RISK MANAGEMENT

One Post Suite 200
Irvine, CA 92618
(949)861-4801

Re: Will Serve Letter - Insurance

To Whom It May Concern:

Elemental 7 Marina, LLC has hereby appointed MJ Risk Management Insurance Services as their broker of service for the insurance policies required by the City of Marina for the operations of a cannabis business. MJ Risk Management Insurance Services is a Property and Casualty insurance broker licensed in the state of California, license #0M76153, and has access to specialty cannabis insurance carriers that will provide the insurance needed for the operations.

The following carriers will be able to put coverage in place once the entity is within 30 days of obtaining an active license:

Golden Bear Insurance Company – Admitted California Carrier (A.M. Best Rating A- VII)
Falls Lake National Insurance Company (A.M. Best Rating A X)
United Specialty Insurance Company (A.M. Best Rating A IX)
Protective Insurance Company (A.M. Best Rating A+ IX)
Progressive Auto Insurance (A.M. Best Rating A+)

These carriers will be able to provide the following coverages:

Property & General Liability - $1m/$2m liability limits
Product Liability - $1m/$2m liability limits
Workers' Compensation – Employers' Liability of $1m/$1m/$1m
Commercial Auto - $1m CSL

If any further information is needed regarding the insurance for our client, please reach out to Nathan Bosza at nbosza@mjriskmanagement.

Thank you,

Nathan Bosza
Commercial Insurance Broker
P&C License #0G56082
[redacted]

CITY OF MARINA
COMMERCIAL CANNABIS BUSINESS APPLICATION
FINANCIAL RESPONSIBILITY, INDEMNITY AND CONSENT TO INSPECTION TERMS

Dated: 05/09/ **, 2019**

I hereby agree to the following terms:

1. I am herewith depositing the sum of $8,000 as an initial deposit for the review and processing of a commercial cannabis business application.

2. The entire amount deposited is non-refundable for any reason. There is no guarantee - expressed or implied - that by submitting the application or making the deposit identified above that I will obtain any land use entitlements or a permit to operate a commercial cannabis business. I understand that City staff may recommend denial of the application for any reason, that staff may change its recommendation at any time, and that staff's recommendation of approval does not guarantee approval by any board or commission.

3. All costs incurred by the City in processing said application, including staff time and overhead, shall be paid by me. This is my personal obligation and shall not be affected by sale or transfer of the property subject to the application, changes in business organization, or any other reason. As work proceeds on an application, actual City costs, as established by City Ordinance, will be charged against the deposit account. The City will deduct such costs from said deposits at such times and in such amounts as City determines. The City may demand additional deposits be made by me over the course of processing the application such as prior to each submittal, public review, and hearing(s), as applicable to the permit. "Costs incurred by the City" as identified in this paragraph shall include costs for the services of contractors or consultants. The City shall exercise its sole discretion in determining whether it is necessary to engage the services of an outside contractor to assist with application processing, which costs are to be paid by me.

4. To the fullest extent permitted by law, I shall defend, indemnify, save and hold harmless the City of Marina and its agents, officers, elected officials and employees for any claims, damages, or injuries brought against the City, its agents, officers, elected officials and employees arising from the processing of the application and my conduct of a commercial cannabis business. The indemnification shall apply to any damages, costs of suit, attorneys' fees or other expenses awarded against the City, its agents, officers and employees in connection with any such action. In addition, I shall release the City of Marina and its agents, officers, elected officials and employees from any injuries, damages, or liabilities of any kind that result from any arrest or prosecution for violation of state or federal laws. My obligations under this indemnification shall apply regardless of whether a license or any permits or entitlements are issued.

5. The City will promptly notify the Applicants and Owner of any such claim, action, or proceeding that is or may be subject to this Agreement. The City may, within its unlimited discretion, participate in the defense of any such claim, action, or proceeding.

6. In the event that any claim, action, or proceeding as described above is filed against the City, I shall within 30 days of the filing make an additional deposit of $5,000 to the City to cover the costs or expenses involved in City defense. If during the litigation process, actual costs or expenses incurred reach 80% of the amount on deposit, I shall deposit additional funds sufficient to bring the balance up to the amount of $5,000.

7. The City shall have the absolute right to approve any and all counsel employed to defend the City. To the extent the City uses any of its resources to respond to such claim, action or proceeding, or to assist the defense, I will reimburse the City for those costs. Such resources include, but are not limited to, staff time, court costs, City Counsel's time, or any other direct or indirect cost associated with responding to, or assisting in defense of, the claim, action or proceedings.

8. I consent and expressly allow, authorize, and permit the City, all its departments, agents, and employees (collectively, "City"), to enter upon and inspect the subject property identified herein, with or without prior notice, for the purposes of inspecting, photographing, and/or processing this application and to inspect for compliance with all laws, regulations, and conditions placed on land use approvals or the permit. No additional permission or consent to enter upon the property is necessary or shall be required. By signing this application I further certify and warrant I am authorized to, and hereby do, consent and allow such inspections on my behalf and on the behalf of each and all Owners of the property and Applicants.

9. I understand that all materials submitted in connection with my application are public record subject to inspection and copying by members of the public. By filing an application, I agree that the public may inspect and copy these materials and the information contained therein, and that some or all of the materials may be posted on the City's website. For any materials that may be subject to copyright protection, or which may be subject to sections 5500.1 and 5536.4 of the California Business and Professions Code, by submitting such materials to the City I represent that I have the authority to grant, and hereby grant, the City permission to make the materials available to the public for inspection and copying, whether in hardcopy or electronic format.

10. This Agreement shall constitute a separate agreement from any permit approval, and that if the permit, in part or in whole, is revoked, invalidated, rendered null or set aside by a court of competent jurisdiction, I agree to be bound by the terms of this Agreement, which shall survive such invalidation, nullification or setting aside.

11. This Agreement shall be construed and enforced in accordance with the laws of the State of California and in any legal action or other proceeding brought by either party to enforce or interpret this Agreement; the appropriate venue is the Monterey County Superior Court.

After review and consideration of all of the foregoing terms and conditions, I agree to be bound by and

to fully and timely comply with all of the foregoing terms and conditions.

Applicant(s)/Owner(s):

Tony Raffoul	
Printed Name	Signature
Printed Name	Signature
Printed Name	Signature
Printed Name	Signature
Printed Name	Signature

Property Owner(s): (if different)

GARY LOESCH	
Printed Name	Signature
Printed Name	Signature
Printed Name	Signature

City of Marina Limitations on City's Liability and Certifications, Assurances and Warranties

(Must be completed by all applicants)

a. WAIVER AND RELEASE OF LIABILITY AND AGREEMENT TO INDEMNIFY THE CITY OF MARINA

The applicant and all owners and operators hereby waive and release the City from any and all liability for monetary damages related to or arising from the application for a permit, the issuance of the permit, or the enforcement of the conditions of the permit. The applicant certifies that under no circumstances shall the applicant cause any cause of action for monetary damages against the City of Marina, the permitting official or any City employee or agent as a result of this permit application or issuance or the enforcement of the conditions of the permit.

b. RELEASE CITY OF MARINA FROM LIABILITY FOR ISSUING THE APPLICANT A PERMIT

By applying for a permit pursuant to the Marina City Commercial Cannabis Business Permit Program and by accepting a permit from the City of Marina Administrative Offices acting as the Marina City Local Permitting Authority, the applicant/permittee, owners and operators, and each of them, waives and releases Marina City, and its elected officials, employees, agents, insurers and attorneys, and each of them, from any liability for injuries, damages, costs and expenses of any nature whatsoever that result or relate to the investigation, arrest or prosecution of business owners, operators, employees; clients or customers of the applicant/permittee for a violation of state or federal laws, rules or regulations relating to cannabis activities.

c. AGREEMENT TO INDEMNIFY CITY OF MARINA

By applying for a permit pursuant to the Marina City Commercial Cannabis Permit Program and by accepting a permit from the Marina City Administrative Offices acting as the Marina City Local Permitting Authority, the applicant/permittee, owners and operators, and each of them, jointly and severally if more than one, agrees to indemnify, defend and hold harmless Marina City, and its elected officials, employees, agents, insurers and attorneys, and each of them, against all liability, claims and demands, of any nature whatsoever, including, but not limited to, those arising from bodily injury, sickness, disease, death, property loss and property damage, arising out of or in any manner related to the operation of the commercial cannabis business that is the subject of the permit.

d. CERTIFICATION OF LIVE SCAN/BACKGROUND CHECK

The applicant, commercial cannabis business manager and anyone with an ownership interest in the business referenced herein represents and certifies they have submitted to a Live Scan and/or background check no earlier than 30 days prior to the date of this application.

e. PERMIT RENEWAL CERTIFICATION

For renewals, the applicant represents and certifies that they continue to hold in good standing any permit/license required by the State of California where applicable for a commercial cannabis business operation.

f. PROSECUTION UNDER FEDERAL LAW

The applicant understands that operators, employees and members of the commercial cannabis business may be subject to prosecution under Federal Laws.

g. AUTHORIZED TO SIGN

The person whose signature appears below is authorized to sign this application on behalf of the business and has submitted this information and all attachments as required by the application process to obtain a commercial cannabis permit from the City of Marina.

I declare under penalty of perjury that the information provided on this form is true and correct and do hereby apply for a permit pursuant to Marina City Ordinance Chapter 19 and in compliance with Marina City Ordinance Section 19.02.020 and all other applicable sections of this Ordinance.

Applicant Signature

Robert DiVito / CEO
Printed Name and Title

5/14/19
Date

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
City of Los Angeles
Subscribed and sworn to (or affirmed) before me on this 14th day of MAY, 2019, by Robert DiVito, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Seal) Signature Melissa Azpeitia

MELISSA AZPEITIA
COMM. # 2254073
NOTARY PUBLIC • CALIFORNIA
LOS ANGELES COUNTY
My Comm. Expires AUG 14, 2022

PROPERTY OWNER CONSENT

If applicant is other than the property owner(s), the owner(s) must provide a signed statement consenting to filing pursuant to Chapter 19 of the Marina Municipal Code. Original signatures only.

I/We, as the owner(s) of the subject property, consent to the filing of this application and use of the property for the purposes described herein. We further consent and hereby authorize City representative(s) to enter upon my property for the purpose of examining and inspecting the property in preparation of any reports and/or required environmental review for the processing of the application(s) being filed.

GARY LOESCH
Name

Signature

OWNER AND TRUSTEE
Title LOESCH FAMILY TRUST

6-6-19
Date

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

Subscribed and sworn to before me this 6 day of June 2019, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Verda K. Flinn

NOTARY PUBLIC STATE OF KANSAS

Verda K. Flinn
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp. 6-1-22

City of Marina

City of Marina
211 HILLCREST AVENUE
MARINA, CA 93933
831-884-1278; FAX 831-384-9148
www.cityofmarina.org

CANNABIS ZONING VERIFICATION LETTER 2019-11

Applicant: Element 7

APN: 032-181-018-000

Situs Address: 234 Reservation Road Marina, CA 93933

Property Owner: Gary R and Sandra Loesch

Proposed Land Use:

- ☒ Adult Cannabis Dispensary
- ☒ Medical Cannabis Dispensary

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☒ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☐ Indoor Cultivation

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☐ Mixed Light Cultivation

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☑ Distribution

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☒ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)
- ☐ Site where another city permit type conducted

Proposed Land Use: ☒ Manufacturing

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☒ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)

Proposed Land Use: ☐ Testing

Zoning District:

- ☐ Airport District (AP-2/3)
- ☐ Business Park (BP)
- ☐ Business Park Small Lot Combining District (BP/P)
- ☐ Retail Business District (C-1)
- ☐ General Commercial (C-2)
- ☐ Planned Commercial (PC)
- ☐ Transitional Zoning District (T-B-5)

Adjacent land uses and zoning districts to the site:

North: Condominiums, R-4 (across Reservation Road)
South: Condominiums, ST
East: Retail, C-1
West: Retail, C-1

For Adult Cannabis Dispensary – Site distance from another Adult Cannabis Dispensary: Undetermined at time of letter.

Analysis of Sensitive Uses:
The Cannabis operation must not be within a 600-foot radius of youth centers, schools, and daycare centers, or within 1000-feet of another permitted dispensary as described in Marina Municipal Code Section 19.02.010. Per available records, City staff has determined that the proposed Cannabis use is not located within a 600-foot radius of sensitive uses (measured from nearest building edge containing Cannabis use to parcel edge of sensitive uses listed above, and from parcel edge of Cannabis use to parcel edge of schools) as follows:

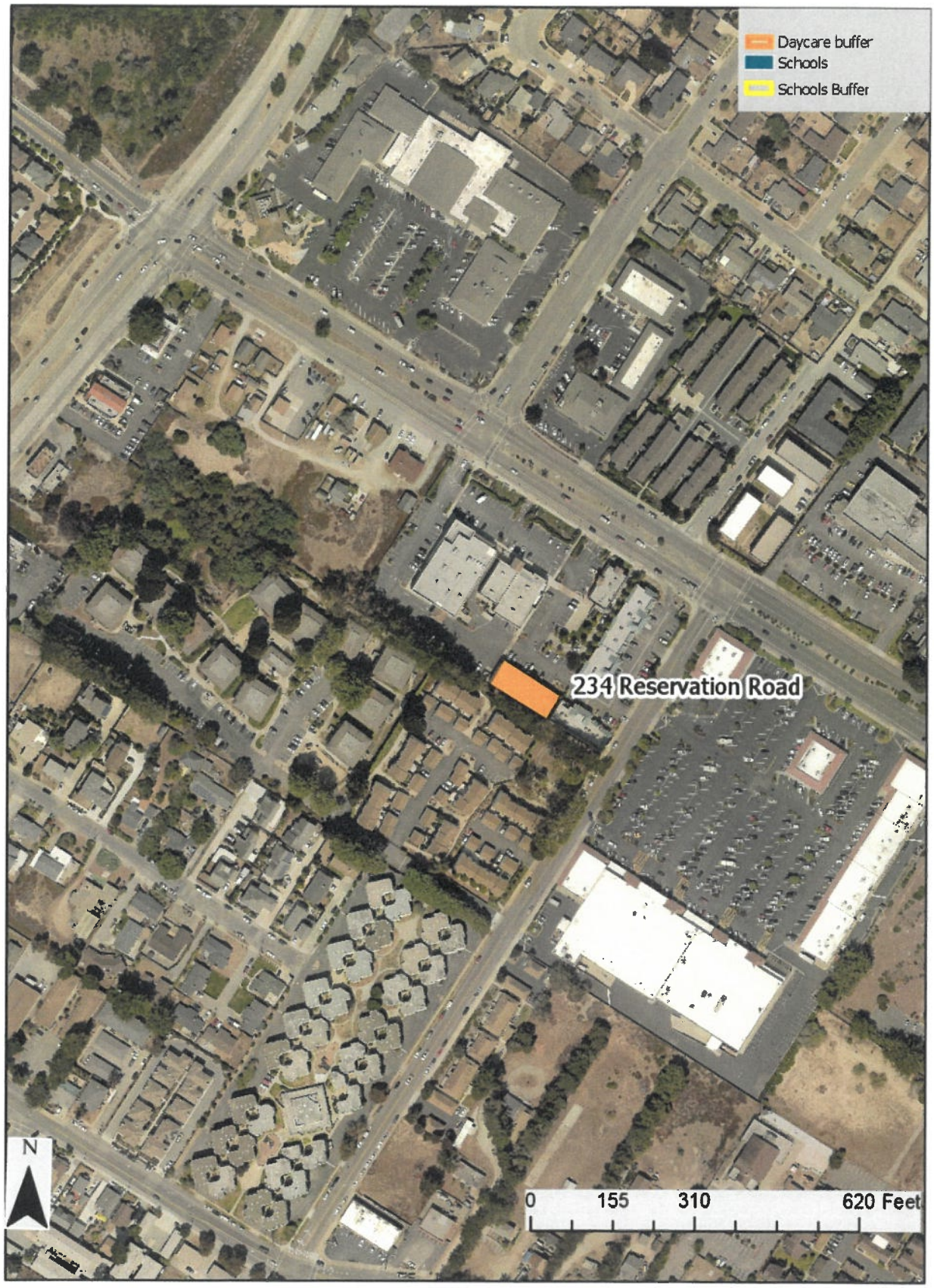
1. The parcel is located more than 600 feet from the nearest daycare, as shown on the attached map.
2. The parcel is located more than 600 feet from the nearest school, as shown on the attached map.

Action for Compliance: None necessary.

This zoning verification is based on information available to the Community Development Department – Planning Office as of the date hereof. To the extent cannabis facilities are allowed land uses under Chapter 19.01 of the Marina Municipal Code, such facilities can be established in the specified zoning district only upon issuance by the Planning Commission of a Conditional Use Permit (CUP). This zoning verification letter does not constitute a land use entitlement and is not equivalent to, a substitute for, or issued in lieu of a required conditional use permit.

Issued by: **Alec Barton, Assistant Planner** AB **Date:** **May 29, 2019**

Enclosures: Site Distance Map



This site distance map is based on information available to the Community Development Department – Planning Office as of the date hereof and does not anticipate future land use conditions that may affect the results of this map. This map does not constitute a land use entitlement and is not equivalent to, a substitute for, or issued in lieu of a required conditional use permit.

City of Marina

Economic Development Department – City Hall
211 Hillcrest Avenue
Marina, CA 93933
P: 831.384.3715
www.ci.marina.ca.us

CANNABIS BUSINESS EMPLOYEE/OWNER BACKGROUND APPLICATION

CANNABIS BUSINESS INFORMATION

CANNABIS BUSINESS NAME/DBA	IN THE BUSINESS, ARE YOU AN: (CHOOSE ONE)	BADGE ID REQUEST
ELEMENT 7 MARINA, LLC	☒ Owner/Principal ☐ Employee	☐ ID Request

BUSINESS ADDRESS, CITY, STATE, ZIP CODE	STATE BUSINESS LICENSE NUMBER (if known)
8033 SUNSET BLVD #987, HOLLYWOOD, CA 90046	

APPLICANT INFORMATION

Social Security Number	LAST NAME ON SOCIAL SECURITY CARD	FIRST NAME ON SOCIAL SECURITY CARD	MIDDLE NAME ON SOCIAL SECURITY CARD
[redacted]	DIVITO JR	ROBERT	MARTIN
Driver's License #/State	**LAST NAME ON DRIVER'S LICENSE**	**FIRST NAME ON DRIVER'S LICENSE**	**MIDDLE NAME ON DRIVER'S LICENSE**
[redacted]	DIVITO JR	ROBERT	MARTIN

SEX	AGE	DATE OF BIRTH	RACE	HEIGHT	WEIGHT	HAIR	EYES
☒ Male ☐ Female		[redacted]	C	5'8"	175	BRN	BLU

LIST YOUR CURRENT HOME ADDRESS, CITY, ZIP CODE (***NO P.O. BOXES ALLOWED***)	CELL PHONE #
[redacted]	[redacted]

LIST ANY OTHER NAMES YOU HAVE EVER USED (Maiden, Married, Nicknames, etc.)	BIRTH COUNTRY/STATE	LANGUAGES SPOKEN
	[redacted]	ENGLISH

CRIMINAL HISTORY

List all arrests or convictions other than infractions for traffic violations.

IF ADDITIONAL SPACE IS NEEDED, ATTACH EXTRA SHEETS TO THIS APPLICATION. PLEASE READ THE APPLICATION CAREFULLY. ANY FALSE OR MISLEADING STATEMENTS, OR OMISSIONS ON THIS APPLICATION OR ON THE COMMERCIAL CANNABIS BUSINESS APPLICATION, SHALL BE GROUNDS FOR DISQUALIFICATION.

	ARREST DATE	ARRESTING AGENCY / LOCATION / COURT NAME	REASON FOR ARREST / VIOLATION CODE
1			
	DISPOSITION (WHAT WAS THE OUTCOME OF THE CASE: Were you sentenced? Did you have to pay a fine? Probation? Parole? Etc.)		
	ARREST DATE	ARRESTING AGENCY / LOCATION / COURT NAME	REASON FOR ARREST / VIOLATION CODE
2			
	DISPOSITION (WHAT WAS THE OUTCOME OF THE CASE: Were you sentenced? Did you have to pay a fine? Probation? Parole? Etc.)		

CITY STAFF USE ONLY

DATE / TIME	$ FEE AMOUNT PAID	RECEIPT #	CITY STAFF'S NAME	CITY DEPARTMENT

CRIMINAL HISTORY (cont.)

	ARREST DATE	ARRESTING AGENCY / LOCATION / COURT NAME	REASON FOR ARREST / VIOLATION CODE
3			
	DISPOSITION (WHAT WAS THE OUTCOME OF THE CASE: Were you sentenced? Did you have to pay a fine? Probation? Parole? Etc.)		
4	ARREST DATE	ARRESTING AGENCY / LOCATION / COURT NAME	REASON FOR ARREST / VIOLATION CODE
	DISPOSITION (WHAT WAS THE OUTCOME OF THE CASE: Were you sentenced? Did you have to pay a fine? Probation? Parole? Etc.)		
5	ARREST DATE	ARRESTING AGENCY / LOCATION / COURT NAME	REASON FOR ARREST / VIOLATION CODE
	DISPOSITION (WHAT WAS THE OUTCOME OF THE CASE: Were you sentenced? Did you have to pay a fine? Probation? Parole? Etc.)		

PRIOR REGULATED CANNABIS EMPLOYERS

BUSINESS NAME	CITY / STATE	PHONE	START DATE	END DATE
MONTEREY CANNABIS CO.	SALINAS, CALIFORNIA	(408) 887-4069	05/2016	08/2017
GENEZEN	HANFORD, CALIFORNIA	(628) 213-5657	08/2017	CURRENT

STATEMENT OF PERJURY

I DECLARE UNDER THE PENALTY OF PERJURY, UNDER THE LAWS OF THE STATE OF CALIFORNIA, THAT THE FOREGOING IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

APPLICANT SIGNATURE	JOB TITLE (POSITION ON THE APPLICATION)	DATE
x	OWNER	05/09/2019

CRIMINAL BACKGROUND & CREDIT HISTORY INVESTIGATION RELEASE

To Whom It May Concern:

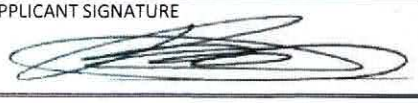
I am an applicant/employee of a Commercial Cannabis Business in the City of Marina. I desire and request the City Manager, or Chief of Police of the City of Marina, and/or his/her agents, employee or lawful representative(s) to take my photograph and fingerprints or use the information in this application for the purpose of conducting a criminal background check to verify that I meet the qualifications required to obtain a Commercial Cannabis Business Permit to operate or to be employed with such business as required by the City Municipal Code and State Law.

I agree to provide any information requested or deemed necessary to provide to the State of California Department of Justice and the Federal Bureau of Investigation, or any other law enforcement agency or third-party consultant authorized by the City Manager or Chief of Police.

I understand this will serve to disclose any record of arrests to which I have been the subject that resulted in conviction. I further agree to hold the City of Marina its officers, agents, or lawfully delegated representatives, harmless from any action(s) or damages whatsoever or at all which may result from the taking of such fingerprints or forwarding them to the appropriate law enforcement agency for a record check and/or obtaining access to any other documentation which pertains to meeting the qualification for a Commercial Cannabis Business Permit or Employee Permit.

Furthermore, I hereby authorize the City Manager or Chief of Police of the City and/or his/her agents, employee or lawful representative(s) to obtain and review my consumer credit report and/or any other credit related information pertaining to me.

By signing this form, I acknowledge and agree to comply with all the conditions and terms of this application. I also understand that falsifying and/or omitting any information on this application may be grounds for denial of a permit or is grounds for termination of employment per the Marina Ordinance.

APPLICANT SIGNATURE	APPLICANT NAME (PRINT)	DATE
	ROBERT DIVITO	05/09/2019

STATE OF CALIFORNIA
BCIA 8016
(orig. 04/2001; rev. 01/2011)

DEPARTMENT OF JUSTICE

REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

A1300
ORI (Code assigned by DOJ)

License
Authorized Applicant Type

Cannabis
Type of License/Certification/Permit OR Working Title (Maximum 30 characters - If assigned by DOJ, use exact title assigned)

Contributing Agency Information:

MARINA POLICE DEPARTMENT
Agency Authorized to Receive Criminal Record Information

00422
Mail Code (five-digit code assigned by DOJ)

211 HILLCREST AVE
Street Address or P.O. Box

MARIA ESPARZA
Contact Name (mandatory for all school submissions)

MARINA
City

CA 93933
State ZIP Code

(831) 884-1293
Contact Telephone Number

Applicant Information:

DIVITO
Last Name

ROBERT
First Name

M.
Middle Initial

JR.
Suffix

Other Name (AKA or Alias) N/A
Last

First

Suffix

[redacted]
Date of Birth

Sex ☒ Male ☐ Female

[redacted]
Driver's License Number

5'8"
Height

175
Weight

BLUE
Eye Color

BROWN
Hair Color

Billing Number
(Agency Billing Number)

[redacted]
e of Birth (State or Country)

[redacted]
Social Security Number

Misc. Number
(Other Identification Number)

Home Address [redacted]
Street Address or P.O. Box

[redacted]
City

State ZIP Code

HOW LONG AT RESIDENCE 4 YEARS

PHONE # [redacted]

Your Number:
OCA Number (Agency Identifying Number)

Level of Service: ☒ DOJ ☒ FBI

If re-submission, list original ATI number:
(Must provide proof of rejection)

Original ATI Number

Employer (Additional response for agencies specified by statute):

Employer Name

Mail Code (five digit code assigned by DOJ)

Street Address or P.O. Box

City

State

ZIP Code

Telephone Number (optional)

Live Scan Transaction Completed By:

Vanessa Saludo
Name of Operator

5/16/19
Date

PA Mail Center
Submitting Agency

UPS
LSID

B1B6DIR855
ATI Number

20.00/32.00
Amount Collected/Billed

ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

THIRD COPY (If needed) - Requesting Agency

BACKGROUND CHECK IDENTIFICATION FORMS

Robert Martin DiVito Jr., Owner

Picture of Principal

Copy of Social Security Card

[redacted]

Copy of Driver's License

[redacted]

Proof of Address

City of Marina

Economic Development Department – City Hall
211 Hillcrest Avenue
Marina, CA 93933
P: 831.384.3715
www.ci.marina.ca.us

CANNABIS BUSINESS EMPLOYEE/OWNER BACKGROUND APPLICATION

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APPLICANT INFORMATION

Social Security Number	LAST NAME ON SOCIAL SECURITY CARD	FIRST NAME ON SOCIAL SECURITY CARD	MIDDLE NAME ON SOCIAL SECURITY CARD
[redacted]	RAFFOUL	TONY	
Driver's License #/State	**LAST NAME ON DRIVER'S LICENSE**	**FIRST NAME ON DRIVER'S LICENSE**	**MIDDLE NAME ON DRIVER'S LICENSE**
[redacted]	RAFFOUL	TONY	

SEX	AGE	DATE OF BIRTH	RACE	HEIGHT	WEIGHT	HAIR	EYES
☒ Male ☐ Female	36	[redacted]		5'8"	165	BLK	BRN

LIST YOUR CURRENT HOME ADDRESS, CITY, ZIP CODE (***NO P.O. BOXES ALLOWED***)	CELL PHONE #
[redacted]	[redacted]

LIST ANY OTHER NAMES YOU HAVE EVER USED (Maiden, Married, Nicknames, etc.)	BIRTH COUNTRY/STATE	LANGUAGES SPOKEN
	[redacted]	LEBANESE, GREEK, ARABIC, ENGLISH, SPANISH, GERMAN

CRIMINAL HISTORY

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DATE / TIME	$ FEE AMOUNT PAID	RECEIPT #	CITY STAFF'S NAME	CITY DEPARTMENT

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	ARREST DATE	ARRESTING AGENCY / LOCATION / COURT NAME	REASON FOR ARREST / VIOLATION CODE
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PRIOR REGULATED CANNABIS EMPLOYERS

BUSINESS NAME	CITY / STATE	PHONE	START DATE	END DATE

STATEMENT OF PERJURY

I DECLARE UNDER THE PENALTY OF PERJURY, UNDER THE LAWS OF THE STATE OF CALIFORNIA, THAT THE FOREGOING IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

APPLICANT SIGNATURE	JOB TITLE (POSITION ON THE APPLICATION)	DATE
x	OWNER	05/13/2019

CRIMINAL BACKGROUND & CREDIT HISTORY INVESTIGATION RELEASE

To Whom It May Concern:

I am an applicant/employee of a Commercial Cannabis Business in the City of Marina. I desire and request the City Manager, or Chief of Police of the City of Marina, and/or his/her agents, employee or lawful representative(s) to take my photograph and fingerprints or use the information in this application for the purpose of conducting a criminal background check to verify that I meet the qualifications required to obtain a Commercial Cannabis Business Permit to operate or to be employed with such business as required by the City Municipal Code and State Law.

I agree to provide any information requested or deemed necessary to provide to the State of California Department of Justice and the Federal Bureau of Investigation, or any other law enforcement agency or third-party consultant authorized by the City Manager or Chief of Police.

I understand this will serve to disclose any record of arrests to which I have been the subject that resulted in conviction. I further agree to hold the City of Marina its officers, agents, or lawfully delegated representatives, harmless from any action(s) or damages whatsoever or at all which may result from the taking of such fingerprints or forwarding them to the appropriate law enforcement agency for a record check and/or obtaining access to any other documentation which pertains to meeting the qualification for a Commercial Cannabis Business Permit or Employee Permit.

Furthermore, I hereby authorize the City Manager or Chief of Police of the City and/or his/her agents, employee or lawful representative(s) to obtain and review my consumer credit report and/or any other credit related information pertaining to me.

By signing this form, I acknowledge and agree to comply with all the conditions and terms of this application. I also understand that falsifying and/or omitting any information on this application may be grounds for denial of a permit or is grounds for termination of employment per the Marina Ordinance.

APPLICANT SIGNATURE	APPLICANT NAME (PRINT)	DATE
	TONY RAFFOUL	05/13/2019

STATE OF CALIFORNIA
BCIA 8016
(orig. 04/2001; rev. 01/2011)

DEPARTMENT OF JUSTICE

REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

A1300
ORI (Code assigned by DOJ)

Cannabis License
Authorized Applicant Type

Cannabis
Type of License/Certification/Permit OR Working Title (Maximum 30 characters - If assigned by DOJ, use exact title assigned)

Contributing Agency Information:

MARINA POLICE DEPARTMENT
Agency Authorized to Receive Criminal Record Information

00422
Mail Code (five-digit code assigned by DOJ)

211 HILLCREST AVE
Street Address or P.O. Box

MARIA ESPARZA
Contact Name (mandatory for all school submissions)

MARINA
City

CA
State

93933
ZIP Code

(831) 884-1293
Contact Telephone Number

Applicant Information:

RAFFoul
Last Name

TONY
First Name

Middle Initial

Suffix

Other Name (AKA or Alias) Last

First

Suffix

[redacted]
Date of Birth

Sex ☒ Male ☐ Female

[redacted]
Driver's License Number

5'8"
Height

170
Weight

BROWN
Eye Color

BLACK
Hair Color

Billing Number
(Agency Billing Number)

[redacted]
Place of Birth (State or Country)

[redacted]
Social Security Number

Misc. Number
(Other Identification Number)

Home Address [redacted]
Street Address or P.O. Box

City

[redacted]

HOW LONG AT RESIDENCE 4½ Years

PHONE # [redacted]

Your Number:
OCA Number (Agency Identifying Number)

Level of Service: ☒ DOJ ☒ FBI

If re-submission, list original ATI number:
(Must provide proof of rejection)

Original ATI Number

Employer (Additional response for agencies specified by statute):

Employer Name

Mail Code (five digit code assigned by DOJ)

Street Address or P.O. Box

City

State

ZIP Code

Telephone Number (optional)

Live Scan Transaction Completed By:

Linda L. Lopez
Name of Operator

5/17/19
Date

the MAIL BOX
Transmitting Agency

MR2
LSID

F137RAT918
ATI Number

$74.00 CASH PAID
Amount Collected/Billed

ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

THIRD COPY (if needed) - Requesting Agency

BACKGROUND CHECK IDENTIFICATION FORMS
Tony Raffoul, Owner

Picture of Principal

Copy of Social Security Card

[redacted]

Copy of Driver's License

[redacted]

Proof of Address

Secretary of State
Statement of Information
(Limited Liability Company)

LLC-12

19-A93832

FILED

In the office of the Secretary of State
of the State of California

MAR 06, 2019

IMPORTANT — Read instructions **before completing this form.**

Filing Fee – $20.00

Copy Fees – First page $1.00; each attachment page $0.50;
Certification Fee - $5.00 plus copy fees

This Space For Office Use Only

1. Limited Liability Company Name (Enter the exact name of the LLC. If you registered in California using an alternate name, see instructions.)

ELEMENT 7 MARINA, LLC

2. 12-Digit Secretary of State File Number	3. State, Foreign Country or Place of Organization (only if formed outside of California)
201905610561	CALIFORNIA

4. Business Addresses

	City (no abbreviations)	State	Zip Code
a. Street Address of Principal Office - Do not list a P.O. Box 7936 Hillside Ave.	Los Angeles	CA	90046
b. Mailing Address of LLC, **if different than item 4a** 7936 Hillside Ave.	Los Angeles	CA	90046
c. Street Address of **California** Office, if Item 4a is not in California - Do not list a P.O. Box 7936 Hillside Ave.	Los Angeles	**CA**	90046

5. Manager(s) or Member(s)

If no **managers** have been appointed or elected, provide the name and address of each **member**. At least one name **and** address must be listed. If the manager/member is an individual, complete Items 5a and 5c (leave Item 5b blank). If the manager/member is an entity, complete Items 5b and 5c (leave Item 5a blank). Note: The LLC cannot serve as its own manager or member. If the LLC has additional managers/members, enter the name(s) and addresses on Form LLC-12A (see instructions).

a. First Name, if an individual - Do not complete Item 5b	Middle Name	Last Name	Suffix
Robert	M.	Divito	

b. Entity Name - Do not complete Item 5a

c. Address	City (no abbreviations)	State	Zip Code
7936 Hillside Ave.	Los Angeles	CA	90046

6. Service of Process (Must provide either Individual **OR** Corporation.)

INDIVIDUAL – Complete Items 6a and 6b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is **not** a corporation)	Middle Name	Last Name	Suffix

b. Street Address (if agent is **not** a corporation) - **Do not enter a P.O. Box**	City (no abbreviations)	State	Zip Code
		CA	

CORPORATION – Complete Item 6c only. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 6a or 6b

CORPNET, INCORPORATED (C3192531)

7. Type of Business

a. Describe the type of business or services of the Limited Liability Company

Consulting

8. Chief Executive Officer, if elected or appointed

a. First Name	Middle Name	Last Name	Suffix

b. Address	City (no abbreviations)	State	Zip Code

9. The Information contained herein, including any attachments, is true and correct.

03/06/2019	Amanda J Beren	Filer	
Date	Type or Print Name of Person Completing the Form	Title	Signature

Return Address (Optional) (For communication from the Secretary of State related to this document, or if purchasing a copy of the filed document enter the name of a person or company and the mailing address. This information will become public when filed. SEE INSTRUCTIONS BEFORE COMPLETING.)

ame: [ ]

Company:

Address:

City/State/Zip: [ ]

California Secretary of State
Electronic Filing

FILED
Secretary of State
State of California

LLC Registration – Articles of Organization

Entity Name:	Element 7 Marina, LLC
Entity (File) Number:	201905610561
File Date:	02/20/2019
Entity Type:	Domestic LLC
Jurisdiction:	California

Detailed Filing Information

1. Entity Name: Element 7 Marina, LLC

2. Business Addresses:
   a. Initial Street Address of Designated Office in California: 7936 Hillside Ave.
   Los Angeles, California 90046
   United States

   b. Initial Mailing Address: 7936 Hillside Ave.
   Los Angeles, California 90046
   United States

3. Agent for Service of Process: CORPNET, INCORPORATED
   (C3192531)

4. Management Structure: All LLC Member(s)

5. Purpose Statement: The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

Electronic Signature:

The organizer affirms the information contained herein is true and correct.

Organizer: Amanda J. Beren

MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Management Structure

Element 7 will use a matrix management structure to manage its business in Marina. We do this to ensure that we maximize our ability to be agile in the fast-changing cannabis industry, taking in multiple viewpoints to ensure that the business is actively responding to changes in the industry.

Day to day management and business operations are managed by the Element 7 Marina LLC Management Team which will be built and run by **Tony Raffoul**. This team will be responsible for implementing all standard operating procedures, customer service initiatives, marketing plans, inventory and sales management and compliance measures that meet City and State directives. Full P&L management sits within this team.

The Element 7 Marina LLC Management Team will have two dual reporting lines – 1 reporting line into the Head Office Support Team and 1 reporting line into the Board of Advisors who are experts in their fields within the industry.

The Board of Advisors is created to support all aspects of the business with a particular focus on creating policies, directives and initiatives for the Element 7 Head Office Support Team so that these programs can be implemented across all Element 7 retail outlets, including Marina.

Owner and Founder

Element 7 Marina's two owners and founders are Robert DiVito, who owns 50% of the local business, and Tony Raffoul who owns an equal 50% of the local business.

ROBERT 'BOBBY' DIVITO
FOUNDER AND CEO
ELEMENT 7, LLC

Cannabis entrepreneur, investor, and business operator. Former General Manager for Riverview Farms, one of the State's largest cannabis cultivation operations. In 2016, advice from the former Mayor Los Angeles saw DiVito head north to California's Central Valley with a plan to focus on cannabis economic development – locating cities and communities that needed education, jobs, and community development that could benefit from cannabis. Despite many communities having commercial cannabis bans in place and, in some cases, hostility towards the industry, DiVito travelled the State lobbying for education, change and growth through his 'Cannabis Campus Model' – a model that was later adopted into the Medical Cannabis Regulation and Safety Act (MAUCRSA) in June, 2017. In September 2017, DiVito's profile in the industry rose sharply as he convinced big-ag to invest in cannabis, securing a $51 Million commitment from one of the country's largest organic farming families to invest in cannabis cultivation. This was a landmark deal and marked big-ag's first serious investment into cannabis and will have a huge impact on the future development of the industry. In 2018, DiVito was promoted to the Board of International Hemp Solutions (IHS) and BIJA Seed, North America's largest importer of certified seed from Europe. DiVito is helping IHS expand to new markets, new clients and new product lines as they expand into full service manufacturing. DiVito founded Element 7 in 2018 with a focus on early-stage cannabis licensing development through education and economic development policy.

RONY RAFFOUL
CO-FOUNDER AND GENERAL MANAGER
ELEMENT 7 MARINA LLC

Born in Syria, **Tony Raffoul** is a wonderful example of how an individual can contribute in every way they can to make their new local community a home. At the age of 19, Tony emigrated to the US from Lebanon and Germany where he had grown up avoiding wars and conflict in his birth country. On arriving in the US he attended College in Pennsylvania and then earned an MBA Degree in the same State. He then moved to Santa Barbara County after falling in love with California's Coastal Region. For the last 4 years Tony has built a range of successful businesses in the City of Marina, creating economic development and local jobs. His key business, Marina Spirit Smoke Shop, has been a thriving successful business for the last 4 years seeing over 300 customers a day. Tony has a great reputation with his customers, partners, and vendors, is active in the local community (he collects street and beach rubbish each weekend with the **C4SM Program** - Citizens 4 Sustainable Marina) and would operate and manage Element 7 Marina on a day-to-day basis as General Manager and Co-Founder of the business. He was also a strong supporter of Measures P, N, and V, helping to create more taxes and support for Marina's cannabis ordinance and industry.

Strategic Advisors

Element 7's Strategic Advisors comprise some of the cannabis industries biggest names, leaders and experts. The Advisers will meet four (4) times annually to review the Element 7 Marina LLC Business Plan, Operations, Financial Performance and specific benchmarks set for compliance, control, product quality, systems and processes and special initiatives.

Our Advisors include one of North America's leading marijuana law reform advocates, the founder of the nation's first cannabis university, one of the co-founders of DOSIST, the former head cultivator for MedMen, a former **Bureau of Cannabis Control** staffer and MAUCRSA author, and one of California's leading cannabis technologists.

Nicholas Jack, named '**Dispensary Manager of the Year**' (2018) at the National Cannabis Business Awards is one of Element 7's key Strategic Advisors and brings a tremendous amount of retail experience to our existing cannabis management team.

Element 7 is backed financially by **Toro Verde Ventures, Inc**., a private equity firm. Toro have committed to debt financing and funding every aspect of Element 7's operations and expansion in California. They have committed to an initial $10.0M in funding with additional capital on-call, if needed.

BOB HOBAN
STRATEGIC ADVISOR, LEGAL
ELEMENT 7, LLC

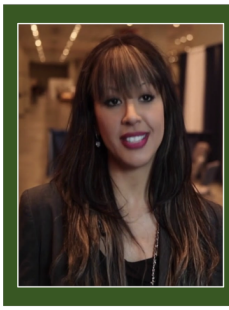
Bob is the founder and CEO of Hoban Law Group, North America's #1 cannabis and hemp law group. Bob is recognized as one of the leading commercial cannabis practitioners and has litigated nearly every aspect of Colorado's Marijuana Code and a significant portion of California's. Bob has drafted cannabis policy for dozens of States and countries around the world and is a global expert in cannabis policy.

LYNNE LYMAN
STRATEGIC ADVISOR, DRUG POLICY REFORM
ELEMENT 7

Lynne Lyman was one of the central figures responsible for cannabis legalization in California, named in the Top 100 most influential people in cannabis nationwide, as well as in the Top 5 in Los Angeles. Having spent over five years as the California State Director for the **Drug Policy Alliance**, Lynne's vision, strategy and exceptional organizing skills helped propel the state to gain critical mass throughout 2016 resulting with 57% of Californians voting Yes on Proposition 64, the Adult Use of Marijuana Act, permanently changing the landscape for cannabis in the sixth largest economy in the world, while reducing or eliminating most cannabis crimes, including retroactively. Lynne's work at Drug Policy Alliance did not start or stop with cannabis. Among other major drug policy reforms secured in her 5 year tenure, Lynne led the successful 2014 effort to equalize the penalties for crack and powder cocaine under California law. Lynne continues her work to advance criminal justice reform and cannabis equity as a consultant in Los Angeles. Lynne has held positions with local, state and federal governments in California and Massachusetts, in addition to managing over a dozen political campaigns for candidates in California, Massachusetts, and Colorado. Ms. Lyman, who is fluent in Spanish, has worked on political campaigns in Central America and addressed the Mexican Congress on cannabis policy. Lynne received her M.P.A. from the Harvard Kennedy School of Government in 2001, where her graduate work focused on the criminal justice system and leadership. She earned her B.A. in Political Science from UC Berkeley in 1996.

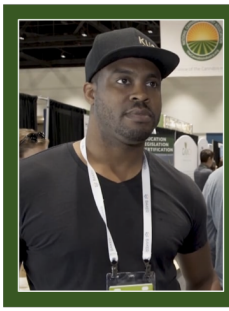
DR. AN-CHI TSOU
STRATEGIC ADVISOR, COMPLIANCE
ELEMENT 7, LLC

Dr. An-Chi Tsou is a policy and political consultant specializing in healthcare and cannabis issues. She has experience in the legislative and regulatory branches of government, serving as a health committee consultant and legislative director at the State Capitol, where she focused on long-term care, consumers' rights, and cannabis issues. Tsou was the lead staffer on California's original medical cannabis laws under the Medical Cannabis Regulation and Safety Act, working with dozens of stakeholders to negotiate cannabis policy. She was later appointed by Governor Brown to work as the senior policy advisor for the Bureau of Medical Cannabis Regulation–now the Bureau of Cannabis Control–under the Department of Consumer Affairs.



CHLOE VILLANO
STRATEGIC ADVISOR, EDUCATION
ELEMENT 7, LLC

Chloe Villano is the President and Founder of **Clover Leaf University**, the first cannabis learning institute and academy in North America to receive University Accreditation from a Department of Higher Education's Private Occupational School Board. Clover Leaf University is the nation's first state-licensed Cannabis University and offers more than 25 stand-alone course certifications. Ms. Villano also serves as Executive Director of The Cannabis Business Association and is a court appointed Cannabis Certified Expert Witness. As an expert Consultant, and Founder of Clover Leaf Consulting, she has worked closely on the business implementation of the strictest compliance standards for local governments, cannabis businesses, dispensary operations in the development and implementation of the proper licensing and compliance operations procedures from an industry emerging itself out of prohibition.



RICO TARVER
STRATEGIC ADVISOR, TECHNOLOGY
ELEMENT 7, LLC

Rico Tarver is the current General Manager for Baker Technologies (TILT Holdings) in California. A strong advocate for inclusiveness, human rights, diversity, and awareness. Tarver works with over 150 dispensaries across California helping them generate sustainable revenue through customer acquisition strategies, customer retention, and loyalty programs. Tarver works with the California Minority Alliance and is the former founder for one of the industry's preeminent organisations for the diversity and inclusiveness in the cannabis industry. Founder of CannaGather Los Angeles and named one of 'High Times Top 100 Influencers in Cannabis' in 2018.

DR. YUFU CHENG
STRATEGIC ADVISOR, ENVIRONMENT
ELEMENT 7, LLC

Dr. Yufu Cheng is a global cannabis medical advocate and the China representative for former Governor Schwarzenegger's R20 Global Warming Committee. Cheng leads Element 7's Task Force on environmental measures, reducing our carbon footprint and creating sustainable clean cannabis. Cheng holds a Ph.D. in Ecology (Climate Change) from UC Davis and works with some of North America and China's largest organizations to implement corporate policy.

MARTYN PHILLIPS
STRATEGIC ADVISOR, CULTIVATION
ELEMENT 7

Martyn has over 20 years of successful growing experience in the horticulture industry. Until recently he was MedMen's Head of Cultivation at their Nevada facility running a team of 30 gardeners and cultivators. He is well versed in pest and disease control with many years of accredited continued education on plant health/protection and IPM systems. Licensed by the State of California as a Pest Control Advisor and holds a Qualified Applicators License. Two decades of experience with media, tissue, and water sampling, testing and analysis. His career has allowed him to work extensively with Breeding projects and growing plants for seed as well as work hand in hand with Tissue Culture. Former Head of Cultivation at Riverview Farms.

ROY GOMEZ
STRATEGIC ADVISOR
ELEMENT 7, LLC

In 2015, Roy Gomez co-founded a company called hmbldt which was renamed **Dosist** in 2017. The product was named as one of TIME Magazines Best Inventions of 2016. Roy has been a Humboldt County Resident for over 20 years, graduating from the College of the Redwoods in 1999, and then Humboldt State University. In 2004, Roy established 'A Fertile World LLC', three retail horticulture shops catering to small and large farmers throughout the region. In 2006, Roy established Humboldt Nutrients, LLC a manufacturer/wholesaler of biodegradable and organic fertilizers, additives, substrates, and biological inoculants. Humboldt Nutrient's products are now sold by the nation's top three distributors of hydroponic/horticultural products. In 2010 Roy took Humboldt Nutrients into the global market by acquiring distributors in Spain, UK, and Holland. In 2014, Roy was elected as a business representative in Humboldt's Cannabis Stakeholders Summit, which resulted in the 1st draft of a Cannabis Cultivation Land Ordinance. Roy currently serves on the Cannabis Commission for the Resighini Tribal Counsel and is a second generation Cannabis farmer.

NICHOLAS JACK
STRATEGIC ADVISOR, RETAIL EXPERIENCE
ELEMENT 7, LLC

Nicholas is the Chief Retail Officer of Diego Pellicer. Voted the industry's #1 Retail Manager in 2017, Nicholas has unmatched experience building, operating and scaling cannabis dispensaries. He holds a Bachelor of Science (Marketing) from Colorado's Metro State University and is transforming the cannabis retail industry. Before joining Diego Pellicer, Nicholas was the Store Manager at the highly successful 'Ballpark Holistic' cannabis dispensary in Colorado. He is passionate about changing the industry and his voice in the Colorado market is being heard as he goes about changing the way customers think, feel and interact with cannabis dispensaries.

Element 7 LLC Head Office Team and Executives

Element 7 LLC will provide a range of Head Office Support functions and skill sets to the Element 7 Marina LLC business during the start-up of the business and throughout

ongoing operations. The local business will be required to meet certain brand, financial and customer performance metrics that will be set for individuals and the business team:

CHRISTOPHER BLOOM
HEAD OF COMMUNITY DEVELOPMENT
ELEMENT 7, LLC

Christopher has a background in marketing, information management, and education. He has worked for several Fortune 500 Companies including Comcast, Verizon, Anheuser-Busch and Brown-Foreman in various sales, technology, compliance and marketing roles. Christopher has familiarity in many highly regulated industries, such as food, telecommunications, alcohol and government agencies. In his unique project roles, he has worked on certifications in liquor licensing and Charter Schools education. Managing cross-team communications and brand development at Element 7, Christopher leads local initiatives in community development and community partnerships, environmental initiatives (he has his LEED certification) and regulatory compliance. Christopher has an undergraduate degree in marketing and psychology with a particular focus on information processing.

COURTNEY BARBER
HEAD OF PROPERTY MANAGEMENT
ELEMENT 7, LLC

Courtney heads up Element 7's Property Management division, securing compliant property across Element 7's city operations. Courtney holds a formal degree in interior and spatial design and works closely with planning departments to ensure Element 7 property is appropriately zoned and project managed for compliance with all City and State regulatory measures. Before joining Element 7, Barber held a variety of alcohol service industry roles in North Carolina and Wisconsin. Courtney has been Certified by TIPS (Training for Intervention Procedures) and graduated from the South Carolina Criminal Justice Academy where she served as a Correctional Officer for three years (Myrtle Beach Police Department). Courtney has an undergraduate degree in Applied Sciences (Commercial Interior Space) from Waukesha County Technical College in Wisconsin. She has worked on over 75 commercial design projects over the last decade including schools, medical offices, financial institutions, food service operations, office spaces, and other mixed-use complexes.

SHEILA MERCHANT
HEAD OF LEGAL AFFAIRS
ELEMENT 7, LLC

Sheila received her law degree from Columbia University School of Law and has been a practicing attorney since 2012. Before studying law, she studied at the University of Michigan, graduating with an Honors degree in History and English. She served as an Associate Attorney for three years before setting up her legal practice and specializes in contract law, financing projects and M&A. At Element 7, Sheila oversees all legal contracts, commercial agreements, alliances, and partnerships. Sheila is also leading our efforts to continuously upgrade our data management, compliance and risk management efforts.

AMBER NORWOOD
HEAD OF COMPLIANCE
ELEMENT 7, LLC

Amber joined the Element 7 team to head its compliance and regulatory affairs division in 2018 and has quickly proven to be one of the key executives in the company. In her current role, Amber oversees regulatory compliance, licensing and project management. Having won over 25 licenses for clients in California and submitting applications in over 8 US States, she specializes in writing and implementing Standard Operating Procedures across all aspects of the industry. Amber was born and raised in Pasadena and is active in the local community and cannabis industry – she is a member of NORML, Minorities in Cannabis Business Association and WomenGrow, a female focused industry group expanding female representation in the cannabis industry.

Element 7 Marina LLC Management Structure

The Management Team at Element 7 Marina LLC will report to the Board of Directors, and will comprise the General Manager, 3 Division Managers and over 20 new local hires in security, sales, distribution, cultivation and manufacturing roles.

Summary

Element 7's matrix management approach allows us to stay agile and nimble, while ensuring front-line staff have the authority and direction to work efficiently while adhering to a rigid set of policies and practices that standardize our quality offer and service to our customers. With decades of cannabis and business management experience, the Element 7 team is uniquely positioned to leverage this experience with our deep understanding of cannabis industry law, compliance and management systems, to create a management model that brings structured retail discipline to the industry.

We know that we have the experience and model that will ensure that no other cannabis company is a better fit for the City of Marina than Element 7.

CANNABIS EXPERIENCE AND QUALIFICATIONS OF OWNERS

The Element 7 team brings decades of business experience in building, owning and operating cannabis retail stores, cannabis cultivation and manufacturing operations, and a range of other businesses in compliant industries (alcohol and education), and other product and service categories.

Existing Owners Commercial Cannabis Licensing

Robert DiVito, Element 7's Founder and CEO, holds many positions in cannabis licensing across the State of California. DiVito owns 50% of Element 7 Marina LLC with 50% equally owned by Tony Raffoul.

In addition, we have recently been issued contingent and preliminary permits in several cities in California including Firebaugh (manufacturing, distribution, and delivery permits), Walnut Creek (delivery) and San Luis Obispo (micro-business license). We are developing these permits in the local municipalities and applying for annual State Cannabis Licenses.

ENTITY	NAME	POSITION	DATES	LICENSE TYPE	LICENSE NUMBER	ADDRESS
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Nursery	TAL 18-0012278	Potter Road, Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Nursery	TAL 18-0012445	Potter Road, Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Small Mixed Light – Tier 1	TAL 18-0007867	Potter Road, Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Medium Mixed Light – Tier 1	TAL 18-0008962	Potter Road, Salinas, Monterey, CA
Monterey	Robert DiVito	Owner (4%)	2016 -	Small Mixed Light –	TAL 18-0007869	Potter Road,

Cannabis Co.			Current	Tier 1		Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Small Mixed Light – Tier 1	TAL 18-0007868	Potter Road, Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Small Mixed Light – Tier 1	TAL 18-0007866	Potter Road, Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Small Mixed Light – Tier 1	TAL 18-0007865	Potter Road, Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Manufacturing (AM Type 6)	CDPH-T00000717	Potter Road, Salinas, Monterey, CA
Monterey Cannabis Co.	Robert DiVito	Owner (4%)	2016 - Current	Distribution	A11-18-0000269-TEMP	Potter Road, Salinas, Monterey, CA

Commercial Cannabis Management Experience

Element 7 has a significant amount of cannabis and regulatory experience across the full spectrum of the industry:

1. **Robert DiVito**: DiVito was the previous General Manager of Riverview Farms in Salinas, one of California's largest cannabis cultivation companies with over 720,000 sq. ft of cannabis under cultivation in California. DiVito is also the Co-Founder of Element 7, a cannabis investment holding company which has interests in several dispensaries and several other cannabis licenses in the cultivation, manufacturing and distribution verticals.

2. **Nicholas Jack** joins the Element 7 team as strategic advisor, assisting Element 7 to develop its local cannabis brand and retail offer in the California market. Jack was voted **Retail Manager of the Year** at the same National Cannabis Business Awards. Nicholas has an incredibly deep understanding of the cannabis retail industry and his award and validation as the #1 Manager in Cannabis Retail in North America puts Element 7 in an incredibly fortunate position when it comes to operations and managing the business.

3. **Amber Norwood** is one of California's best regulatory experts and has won more applications for cannabis clients than almost any other expert operating in the industry.

4. **Elicia Terry** is an attorney and works in Element 7's compliance and licensing team. She has experience working in over 30 cannabis cities across California across all aspects of the regulation environment.

Industry Knowledge

A broad understanding of the cannabis consumer, industry and regulatory processes and policies is essential for building and operating any cannabis business in California.

At Element 7, our diverse experiences across cultivation (indoor, outdoor and greenhouse), manufacturing, distribution, retail (store-front and non-storefront

delivery), brands and back-end operations, gives us a great understanding of the industry and where it is moving from many angles.

Our experience in the industry across key aspects of operating a legally compliant, taxed and tested operation is significant, especially in relation to:

- **Systems, Processes and Practices**: Our decades of experience in the cannabis industry (and existing operations) give us a huge head-start over our competitors across everything from construction through to compliance, operations, customer management, track and trace, City reporting, taxation and inventory management.

- **Market Understanding**: Our team have a diverse range of backgrounds from corporate finance to brand marketing, retail and customer service. What we all have in common is a great understanding of the cannabis industry and how it is evolving and changing daily.

- **Security**: Security in this 'at risk' industry is key to both customer and staff safety. We take security seriously and only work with the best which is why we have an ex-Special Forces and Green Beret soldier embedded within our team.

- **Being Locally Connected**: Element 7 always ensures that we build a strong connection to the local community through a range of initiatives – from educating 'at risk' youths through to providing free medicine to disadvantaged customers, through to supporting local sports teams and other community-based programs. We have a policy of hiring and promoting locally which deepens our connection to the local community.

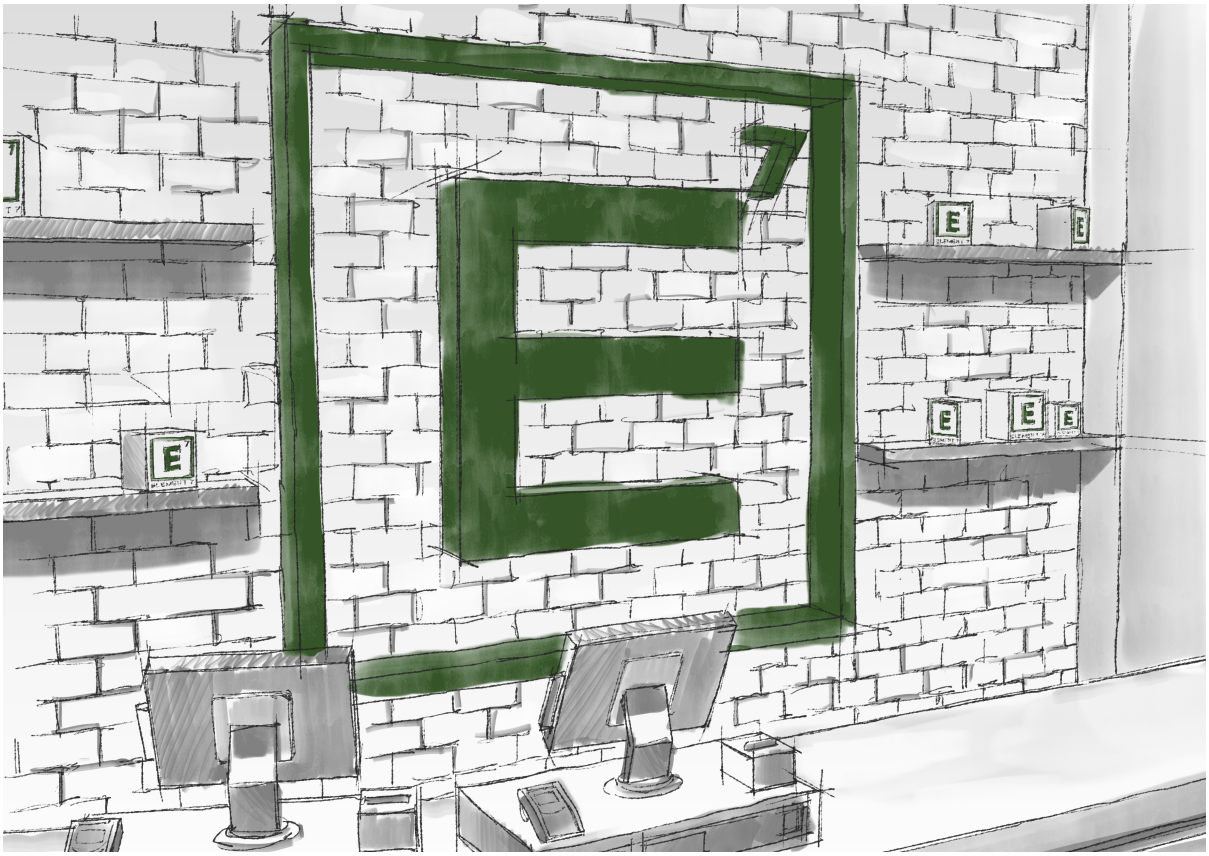
Alcohol Industry Management Experience

Two of Element 7's management team have significant alcohol experience.

- **Courtney Barber**, one of Element 7's management team has significant bar experience and has worked in a variety of alcohol service industry roles over the last decade in South Carolina and Wisconsin. Courtney has been Certified by TIPS (Training for Intervention Procedures) from March, 2016 – TIPS is the global leader in education and training for the responsible service, sale, and consumption of alcohol. TIPS is a skills-based training program designed to prevent intoxication, underage drinking, and drunk driving. Courtney was a former Correctional Officer employed by the Myrtle Bay Police Department in South Carolina.

- **Christopher Bloom** previously headed up alcohol licensing compliance and risk management teams at Binny's, Chicago's largest alcohol beverage retail group. This included developing programs for the responsible service, sale, and consumption of alcohol, and other alcohol licensing matters. Christopher is TIPS certified across all three levels of TIPS Certification – production, distribution and retail – giving him a very broad view of the alcohol licensing industry that is now being applied to cannabis.

COMPANY BACKGROUND: ELEMENT 7



The 7th element on the Periodic Table, Nitrogen, is the most important nutrient on the planet for plant life. This non-metal element is critical to produce chlorophyll which allows cannabis plants to convert sunshine into energy for healthy plant growth. In the same way that Nitrogen acts as a catalyst for plant growth and development in the nursery, Element 7 acts as a catalyst to achieve business objectives in the boardroom.

Element 7 is an early-stage cannabis licensing development company that builds cannabis businesses in emerging new markets in California. We educate cities, stimulate economic development and growth, align with local influencers and submit license applications that are backed by insight, proprietary exclusive data, community advisory boards, flexible business models and building micro-relationships that position us to expand our footprint.

Element 7 expanded their interest in hemp in early 2018 after being granted shares and options in International Hemp Solutions (IHS) and its hemp seed company, BIJA Seed. IHS is the largest imported of certified hemp seed into North America, currently importing over 40% of all hemp seed used in the industry which is now one of the fastest growing agriculture industries in the US.

With the recent 2018 Farm Bill developments, IHS and BIJA are set to continue to be major players in the industry, with Element 7 being a key partner of the business. IHS developed a world-first exclusive partnership with Poland's State-Owned Institute of

Natural Fibers and Medical Plants (IWNiRZ) to supply certified seed to North America, the world's leading hemp research institute founded in 1930.

BOB HOBAN (ELEMENT 7 GENERAL COUNSEL) WITH ROBERT SOBKOW (IWNiRZ) AND DUANE SINNING (COLORADO DEPARTMENT OF AGRICULTURE)

Element 7 secured investment in 2019 from ToroVerde Inc., an early stage merchant bank, which has allowed Element 7 to build its team, purchase real-estate in California and gain additional cannabis licenses in Firebaugh, San Luis Obispo and Walnut Creek. ToroVerde, Inc., have committed funding of $10.0M to Element 7 with additional funding ready for expansion in the State.

Element 7's brand division has launched 4 advantaged daily-dose hemp oil products in North America, which include:

- **BIO365**: A range of daily-dose full-spectrum hemp oil products that are being sold through direct marketing channels. Element 7's partners in this venture have over 20 years of experience selling supplements through multi-level marketing programs.

- **247X**: A range of pre, post and sleep full-spectrum hemp oil products targeted at athletes and those seeking products that help them excel their human performance. With pre, post and sleep formulations and a price point of $29.99, the product has an advantaged formulation, price and consumer positioning.

- **DAILY HEMP CO.**: A range of daily-dose full spectrum hemp oil tinctures and tablets targeted at mass everyday consumers, which are being developed with one of Amazon's largest nutrition and vitamin wholesalers.

- **SLAY**: Hemp wellness for young urban millennial women – range of products for inner health, outer beauty, and confidence so you can SLAY all day.

BIO365, DAILY HEMP CO., AND 247X. FULL SPECTRUM HEMP FORMULATIONS FOR DAILY USE BY A RANGE OF CONSUMER GROUPS.

In an effort to be a leader in clean cannabis, Element 7 has also developed a strategic alliance with oxyION, a leader in clean air technology that removes pathogens from handling areas for the food and agriculture industry. Element 7 has been working with oxyION for the last 12 months to apply technology proven with large-scale food manufacturers such as Tyson Chicken, into the cannabis industry, to add a further layer of cleanliness to cannabis cultivation operations. Element 7 currently have North American first rights to oxyION technology.

Element 7's distribution entity, Market Menu, formed a strategic partnership with the Emerald Exchange in August 2018, which will allow Market Menu to be a leading driver in the market of keeping craft cannabis alive and bringing a range of unique small-craft / hand-touched / sun-grown cannabis brands to Southern California from Mendocino, Humboldt and the Trinity Triangle.

Element 7's international arm is currently pursuing a range of cannabis (medical) and hemp opportunities in Costa Rica, Colombia, Spain, Australia, Nigeria and The Philippines.

Element 7 will continue to add businesses, brands and partners that allow it to continue to achieve and expand its mission creating a vertically integrated cannabis and hemp business globally that brings advantaged products to market with speed as market conditions and regulations continue to change in North America and global markets.

Robert DiVito
Element 7 Founder and CEO

DiVito is one of the cannabis industries hardest working and most dynamic operators. His relationships span the industry from top cultivators through to policy-makers, brands, investors and platforms.

DiVito first started his career in the cannabis industry in 2010, launching a digital media and brand platform (SmokeOn) that was built out of the same co-working offices as businesses including LYFT and Snapchat in Santa Monica. Prior to entering the cannabis industry, DiVito had built one of Chicago's largest car parking companies which he founded and grew to over 700 employees, exiting the business to a large national group. Following the sale of the business, he pursued capital investments as a restauranteur and partnerships with the famed 'Double Door Concert Venue' and 'Wrigley View Rooftops' with the Chicago Cubs. He built one of Chicago's most successful Charter Schools, which, in its third year of operations, won numerous city-wide awards including 'Best Children's Academy' awarded by a popular parenting magazine.

In 2015, DiVito took the learnings from these businesses and re-entered the Californian market, one year before cannabis was legalized, and three-years before adult-use cannabis sales started. He invested in two cultivation facilities in Sacramento and became an investor-operator of one of the State's largest greenhouse cultivation operations – Riverview Farms / Monterey Cannabis Company. With over 720,000 sq. ft of cultivation, the operation is still one of the largest cannabis operations in California producing a range of high-quality greenhouse strains under contract for some of the industry's leading brands.

In 2016, DiVito met the former Mayor of Los Angeles, at a political event. The pair formed an immediate friendship, driven by DiVito's desire to think big in the cannabis industry and the former Mayor's interest in driving economic development in communities across California. His advice to DiVito was to focus on cities and communities that needed education, jobs, economic growth and community development – advice that saw him quickly end up in California's Central Valley.

Despite many communities having commercial cannabis bans in place and, in some cases, hostility towards the industry, DiVito travelled the State lobbying for education, change and growth through his 'Cannabis Campus Model' – a model that was later adopted into the Medical Cannabis Regulation and Safety Act (MAUCRSA) in June, 2017. In September 2017, DiVito's profile in the industry rose sharply as he convinced big-ag to invest in cannabis, securing a $51 Million commitment from one of the country's largest organic farming families to invest in cannabis cultivation. This was a landmark deal and marked big-ag's first serious investment into cannabis and will have a huge impact on the future development of the industry. The company, Genezen, is building operations in Hanford and Parlier, California.

In 2018, DiVito was promoted to the Board of International Hemp Solutions (IHS) and BIJA Seed, North America's largest importer of certified seed from Europe. DiVito is helping IHS expand to new markets, new clients and new product lines as they expand into full service manufacturing.

Underpinned through an exclusive data agreement with BRIGADE, the sole global licensee of Weedmaps data, DiVito continues to position Element 7 as a cannabis business that is driven by hard work, grit and determined focus.

DiVito is a graduate of the De Paul University Business Management Program where he was an International Honors Student.

Resume: Robert DiVito

Business:	**Element 7**
Role:	Founder and CEO
Dates:	November 2017 - Current
Responsibilities:	As the Founder and CEO, Robert manages the full business including investor relations, business development, sales and marketing and operations. Robert runs a full team of professionals and technical experts across security, logistics, government relations, community education, sales, marketing, legal and data.

Business:	**Genezen**
Role:	Founder
Dates:	August 2017 - Current
Responsibilities:	DiVito founded Genezen after lobbying the State of California to adopt the 'Campus Model' into the MAUCRSA Regulations passed in 2017. After successfully lobbying the State to include this language, his first project was in the Central Valley where he partnered with big-ag to secure a 152-Acre parcel of land with over 1.6 million square feet of indoor cultivation space. DiVito continues to be involved with this business as a shareholder - all development works are now being managed by the big-ag funding partner and their in-house team that have developed operations across the State in a range of agricultural products.

Business:	**Monterey Cannabis Co.**
Role:	General Manager
Dates:	May 2016 - August 2017
Responsibilities:	DiVito is the former General Manager for Monterey Cannabis Co., one of the largest cannabis cultivation operations in the State of California. With 720,000 sq. ft of cultivation, Monterey Cannabis Co., employs over 150 staff and produces a range of company-owned cannabis products and cultivates cannabis for some of the largest brands, under contract, in the State of California.

Business:	**Imagination Children's Academy**
Role:	Founder and CEO
Dates:	2013 – 2016
Responsibilities:	CEO for the business which included everything from strategy, government relations, sales, marketing, human resources,

community outreach, compliance, finance and legal. In his role, Robert dealt with a range of local and city government departments including the Department of Education, Department of Children and Family Services and Chicago Police and Fire Departments.

Business: **Argent (Dana Hotel)**
Role: Founding Investor
Dates: 2010-2012
Responsibilities: Oversight of marketing, sales and investor relations.

Business: **Capital Parking**
Role: Founder
Dates: 2007 – 2011
Responsibilities: Founded and built the company to over 700 employees, with operations across pay and display, valet and car parks. Responsible for all aspects of the business including legal, HR, finance, sales, marketing, business development and government relations. Exited the company to a large national operating group.

Tony Raffoul
Element 7 Marina LLC Co-Founder

Born in Syria in 1983, Tony immigrated to the US in 2003 with his parents. He initially studied his MBA at LeHigh in Pennsylvania while his father established a construction business that serviced the Schools District, providing building and maintenance services. In 2013, ten years after moving to the US, Tony moved to the west coast and found himself in Santa Maria, Santa Barbara County. He took his life savings and opened his first shop, El Campasino Market, a small Mexican produce store. In 2015 he saw a business opportunity in Marina and moved to the City to open a smoke shop which he has been operating for the last 4 years, building a strong local customer and client base.

Tony (far left in image below) is active in the local community, joining C4SM (Citizens for Sustainable Marina) each weekend to collect trash from the City's beaches and roads. He is an active supporter of the City Library and likes to mentor young people that work in his retail businesses on proper business practices so that they too may follow in his footsteps as an entrepreneur in the future.

Summary

Cannabis creates uncertainty and apprehension and we know many Cities are concerned with the negative issues that the cannabis industry (and some of the operators) create. "**Uncertainty**" includes financial stability, long-term operator intentions, history of the applicants, background of operators, after-hour activities, previous experience, exposure to minors, cannabis being viewed as a gateway drug and others. At Element 7, we attempt to mitigate these risks where we operate through our best of breed operations, building community advisory boards that hold us accountable, focusing on economic development, building local support, and a laser-focused customer mindset.

With decades of retail management and international and US-based business experience in our Executive Leadership team, Element 7 is a robust partner focused on being the most compliant, controlled, taxed, tested and trusted partner in your City.

We believe that the partnership that Bobby and Tony have formed will create the optimal local business operations model for Marina, supported by the strategic guidance of Element 7's key advisors, and the centralized office team that Element 7 has built in California.

MARINA

SITE LOCATION PLAN

DESIGN CONCEPT
PROPERTY SELECTION
SENSITIVE USE COMPLIANCE
SITE AND FLOOR PLANS

WE TAKE HOLISTIC HEALTH TO A HIGHER LEVEL WITH OUR 'MICRO-TREATMENT' SPA OFFERING PLANT-BASED THERAPIES & THE E7 CANNABIS LEARNING CENTER WHICH EDUCATES & ENGAGES NEW CUSTOMERS & PATIENTS.

WE TAKE THE CONFUSION OUT OF CANNABIS CONSUMPTION WITH AN INFORMATIVE AND USER-FRIENDLY COLOR-CODED WALL THAT EDUCATES CONSUMERS ABOUT DIFFERENT PRODUCT OFFERINGS AND WELLNESS BENEFITS.

SITE LOCATION PLAN

Introduction

The key selection criteria for the physical location of our business and premises is site-compliance, neighborhood compatibility, security and customer safety, parking, City cannabis zoning restrictions, and how the site fits with our holistic wellness and sustainable business vision.

Our business objectives are to create a vertically driven cannabis business in the City of Marina that maximizes taxes, job creation, and sustainable economic development, while exceeding the needs of our patients and customers and continuously demonstrating to our partners and communities that Element 7 is a business with purpose and vision.

Property Selection

We have secured the following property for our commercial cannabis application (we are under contract to purchase this property with closing to take place after securing the desired permits):

Property Address	234 Reservation Road, Marina, California 93933
Assessor Parcel Number (APN)	032-181-018-000
Zoning	C1
Land Use Type	Office
Lot Size	0.34 Acres
Building (Premises) Size	5,000 Sq. Ft.

Parking Ratio	3/1,000 Sq. Ft.
Property Owner	ELEMENT 7 LLC

We understand from discussions with City Officials that the parcel we have selected is compliantly zoned for cannabis, and will allow us to construct a cannabis business that meets our business objectives.

We would take possession of the property on approval of the licenses and, subject to any required building and planning permits, could have the property developed with operations to commence in Q1, 2020.

Design Concept

Few things trigger emotions within us like architecture can. Architecture is the art that provides us with the physical environment that we live and thrive in. Architectural design is an expression of human civilization, representing a visual art that evokes feelings and responses that few other things around us can.

There's nothing more important than architectural design when it comes to bringing the Element 7 concept to life. The design of the space, both internally and externally, will deeply influence how people relate to the Element 7 brand, both emotionally and functionally, and how we as a brand relate to the people we are trying to communicate with and do business with.

Exterior Design Concept

Our exterior design concept is designed to be eco-modern, sustainable, low-maintenance, friendly, warm, and welcoming. Our use of glass and live plants creates the sense of an urban holistic wellness facility, while our attention to detail communicates to our audience that we are focused on every aspect of their wellness and health.

We take our inspiration from many sources, including some of North America's most forward-thinking brands and retail operators. Beyond that, we also have looked internationally to understand how the global changing retail landscape, will continue to impact and influence how consumers shop and purchase products.

For instance, we take inspiration from how European retailers have created timeless style, and how Asian retailers integrate technology and sustainable building materials into their retail outlets. Our two leading design partners originate from Australia and the Philippines, and have both built successful design, engineering and architectural firms in California - we are constantly challenging them to find better ways to maximize space and improve our customer experience.

Interior Design Concept

Element 7's vision is to visually create a retail facility that is welcoming, without being overbearing. From the moment customers enter the lobby of Element 7 and sign into our dispensary with an interactive wall-mounted iPad, through to when they leave, they will be catered to with personalized service and surrounded with moments that inspire and celebrate holistic wellness.

Impactful interior design is critical to creating a lasting Element 7 impression with customers. Our preferred materials are hardwoods, greens and whites for a clean safe feeling, lighting with dimmable LED and light efficient fixtures, and design pieces that create impact.

To demonstrate our commitment to horticulture and plant-based medicines, our design vision is to create a feeling that customers have walked into a green living room, with plants spread throughout the facility.

This design will create a lasting impression with customers and set Element 7 apart from other dispensaries in California.

Our **Holistic Wellness Spa** and **Flower Product Wall** are designed to educate customers about holistic wellness and make cannabis product selection easy and inviting.

The **E7 Learning Zone** is a welcoming space where new-users and consumers can learn about the benefits of cannabis without being judged for their education level in the cannabis industry. With many new customers entering the industry, from soccer moms to young professionals, urban housewives and recent retirees, the 'stoner' days are over and these new consumers are hungry for information,

education, and new ways to treat pain and a range of other health conditions. The E7 Learning Zone is the first place we direct them when they enter an Element 7 Dispensary to be properly educated and introduced to cannabis.

From a product merchandising point of view, Element 7 will have an open layout, with products showcased throughout various areas of the dispensary. For customers who want a grab-and-go transaction, there will be an "**Express Checkout**" area. In addition, for customers that wish to learn more about cannabis and its benefits and uses, we will have Master BudTenders on hand to conduct personal learning sessions in the dispensary.

Our **Personal Shopping Nook** is specifically designed for new and first-time shoppers who want to learn about products at their own pace, without having to worry who is behind them in the queue. These shoppers can shop, ask questions, and make purchases at their own pace which continuously leads to larger baskets (higher customer spend), repeat purchases, and a higher level of product satisfaction as they are buying products that meet their needs far better because we are able to better recommend solutions based on their personal shopping needs.

Design Team

The Design Team behind Element 7 concept have significant experience in the restaurant, entertainment and media industries. Led by Adam Picker, the CEO and Founder of **Morpheus Design**, an award-winning Los Angeles based firm that offers full design, architectural and construction services. Morpheus has been operating in California for over 20 years.

What sets Morpheus Design apart from other firms is their approach which sees them deliver and manage the project from concept to completion. Specializing in custom design and build on the westside of Los Angeles, Morpheus has significant experience in residential projects, commercial retail and dining establishments. Its service includes interior design and full project management including all approvals, technical and architectural drawings, planning management and full site works.

In addition, we work closely with CAL Plan Design, and Ramon Baguio, the firm's founder. Ramon has a group of highly talented architects, State-Licensed engineers, interior and exterior designers, spatial consultants, and project managers on his team that have designed over 120 Dispensaries in North America in the last four years.

Optimal Site Location

Element 7 believes it has found possibly the most optimal site in the City of Marina for a commercial cannabis business, because:

1. The zoning for the proposed use is consistent with the City Zoning Ordinance.

2. We have zero sensitive uses within sensitive use buffers (600 feet).

3. The site is a strong fit with the surrounding businesses and land uses.

4. The site is in an industrial area.

5. The site will have full off-street parking for all vehicles used by Element 7 and its customers, including two (2) mobility parking spaces and bicycle stands for customers that use this mode of transport.

6. The granting of such permit will not be detrimental to the public health or welfare or injurious to the property or improvements in such zone or vicinity.

7. The streets and highway nearby are adequate in width and pavement type for the traffic generated.

8. The granting of such use permit will not adversely affect the comprehensive General Plan.

9. The operation of the business will not create excessive demands for police or other public services.

10. The business will benefit of the City of Marina through job creation, economic development and taxes. Element 7 are prepared to enter into a Development Agreement with Marina if desired by the City.

Site Compliance with Buffer Zones

Per the Marina Municipal Ordinance, the site is compliant in that it is not within six hundred feet (600') of a sensitive use facility or location. The nearest sensitive locations are:

TYPE	NAME OF FACILITY	DISTANCE FROM PROPOSED LOCATION
School	Los Arboles Middle School	2,261.81 Feet
Child Care Center	Marina Child Development Center	2,256.36 Feet
Youth Center	Marina City Teen Center / Marina Skate Park	2,385.11 Feet
Church	Korean First Presbyterian Church of Monterey	859.87 Feet
Park	Marina City Park	1,981.96 Feet
Libraries	Marina Library	2,141.42 Feet
Transit Access to Site	Reservation / Vista Del Camino	482 Feet

Alcohol Sales Establishment	The Otter's Den	529.88 Feet

Neighborhood Compatibility and Site Management Plan

The Facility would be very similar in construction to buildings in the immediate vicinity which include a number of light industrial buildings.

VIEW NORTH

VIEW EAST

VIEW SOUTH

VIEW WEST

ADJACENT PROPERTY

Proposed Building and Site Modifications

If approved for a Cannabis License, our proposal to City Planning would be to update the building façade in line with the surrounding architecture in Marina. The following proposed external works and modifications would be applied for with City Planning:

1. Fencing to the rear perimeter of the site to a standard of materials and height approved by the City.

2. Replace all exterior doors and windows with industrial strength installations with upgraded locks, frosted glass for aesthetics and security. Glass would we 'Clear Secure' – an unbreakable and shatter-proof glass that is 300 times (300X) stronger than regular glass. Glass is 2mm thick manufactured from high-density polymers.

3. Removal of the existing building signage with replacement of an 'Element 7' sign (as approved under the Municipal Code).

4. Re-painting existing parking lines and replacing parking signage to clearly designate ADA parking spots and parking spots for all other customers.

5. Minor works to hide any electrics and water meters.

6. Replace existing concrete flooring with a non-slip tile for better visual aesthetics.

7. Upgrade external lighting with modern fixtures that have continuous illumination for safety and security.

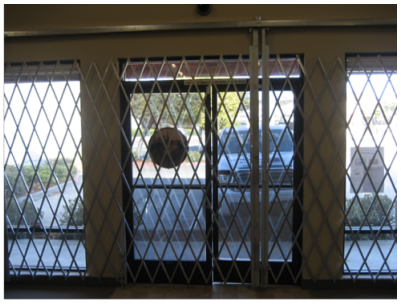
8. Minor landscaping works where relevant and space permitted. Landscaping will be applied only where accessible landscaping opportunities are available, using drought tolerant xeriscape low-maintenance and user-friendly plants. The plant layout and selections would be contemporary and manageable to complement the surrounding structure and architecture.

9. We have not proposed constructing any equipment enclosures externally at the building.

The new entrance would feel modern, welcoming, and light which is in line with the overall design concept of the store and Element 7 brand. We will bring in an industrial cleaning crew to clean the entire site prior to store opening.

Below are images demonstrating the type of materials we propose using for upgrading and securing the front of the building from an aesthetics and visual perspective.

Clear Secure Retail Glass



Security Gate

Slip Resistant Grey Concrete Tile

Modernized Retail Awning

Drought Tolerant Plants

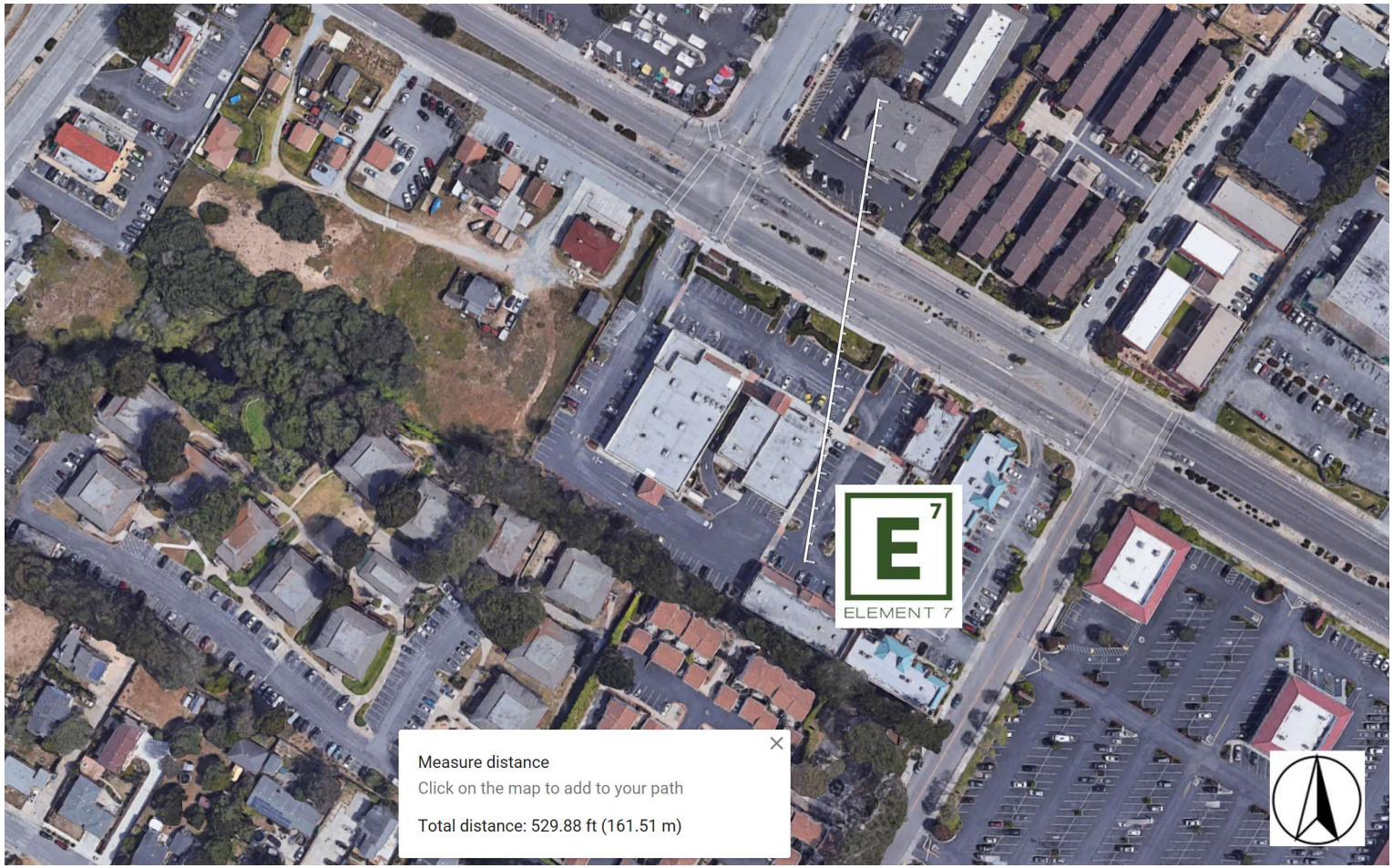
Summary

Selecting the optimal site for Element 7's cannabis operations balances a number of factors that have a significant impact on security, financial stability, site accessibility, workforce mobility, and a range of other measures that drive business performance.

The site we have selected is under contract to purchase (closing subject to securing the licenses). Owning the premises that we are located within is the optimal business model for Element 7 as this situation removes any future potential lease issues. The site presents an opportunity for us to create a vertically integrated cannabis business that will maximize taxes, jobs, and economic benefits in the City.

While zoning and sensitive uses significantly restrict the areas we locate our business, our rigorous analysis is designed to ensure that we secure the optimal site taking into account all of the factors that impact performance, with availability and financial cost.

We are determined to ensure that we engage proactively with various departments within the City to ensure that we exceed all planning, building, and law enforcement expectations, while creating a facility that creates a great customer experience that people want to actively engage with.



ELEMENT 7

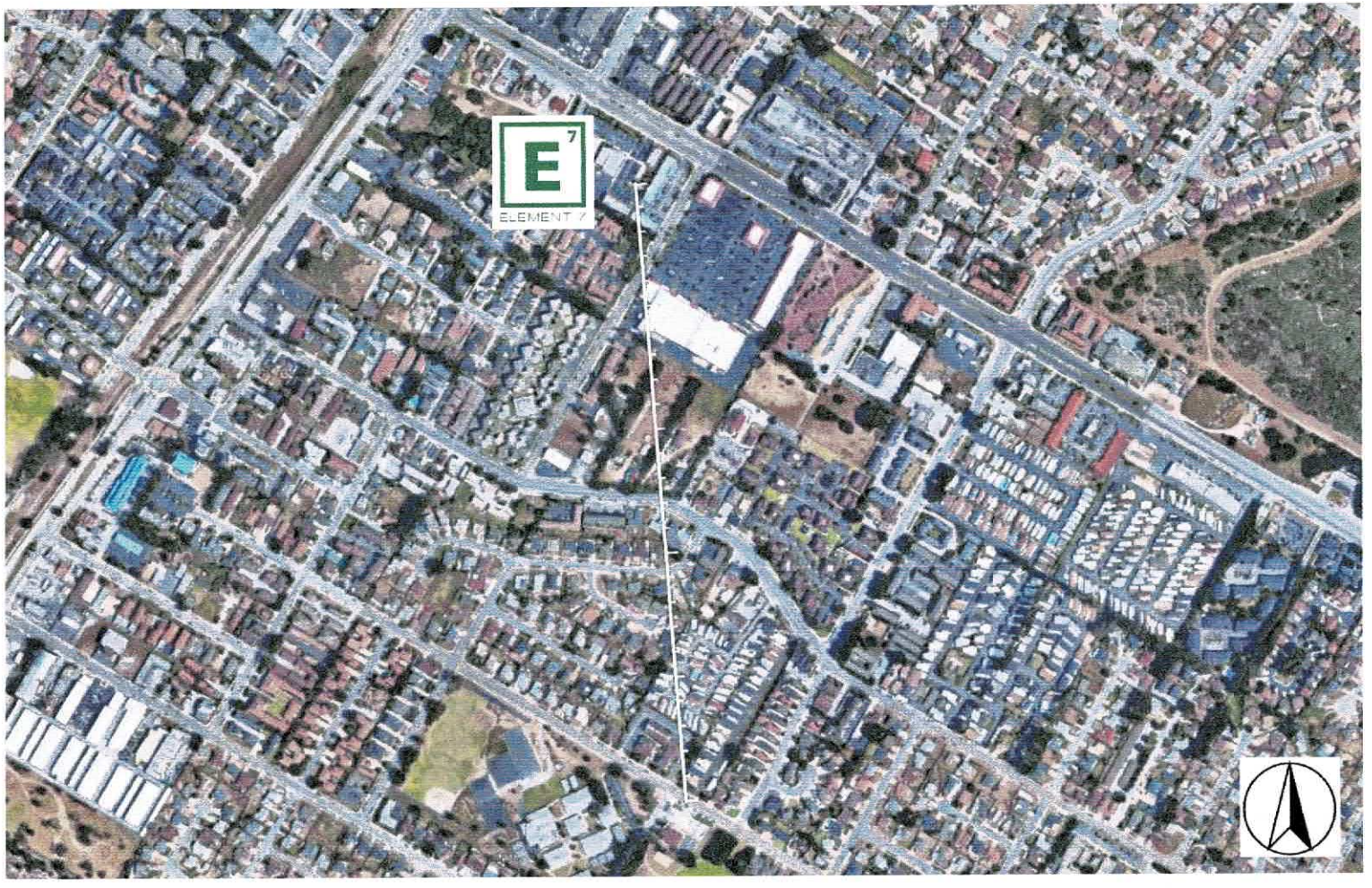
BUFFER ZONES MAP

PROPOSED ADDRESS:
3343 Paul David Drive
Marina, California 93933

NEAREST ALCOHOL SALES ESTABLISHMENT

THE OTTER'S DEN
3166 Vista Del Camino Cir.
Marina, California 93933

529.88 FEET



ELEMENT 7

BUFFER ZONES MAP

PROPOSED ADDRESS:
234 Reservation Road
Marina, California 93933

NEAREST SCHOOL

LOS ARBOLES MIDDLE SCHOOL
294 Hillcrest Avenue
Marina, California 93933

2,261.81 FEET

ELEMENT 7

BUFFER ZONES MAP

PROPOSED ADDRESS:
234 Reservation Road
Marina, California 93933

NEAREST DAYCARE FACILITY

MARINA CHILD DEVELOPMENT CENTER
3066 Lake Drive
Marina, California 93933

2,256.36 FEET

ELEMENT 7

BUFFER ZONES MAP

PROPOSED ADDRESS:
234 Reservation Road
Marina, California 93933

NEAREST YOUTH-ORIENTED FCILITY

MARINA CITY TEEN CENTER / SKATE PARK
304 Hillcrest Avenue
Marina, California 93933

2,385.11 FEET

ELEMENT 7

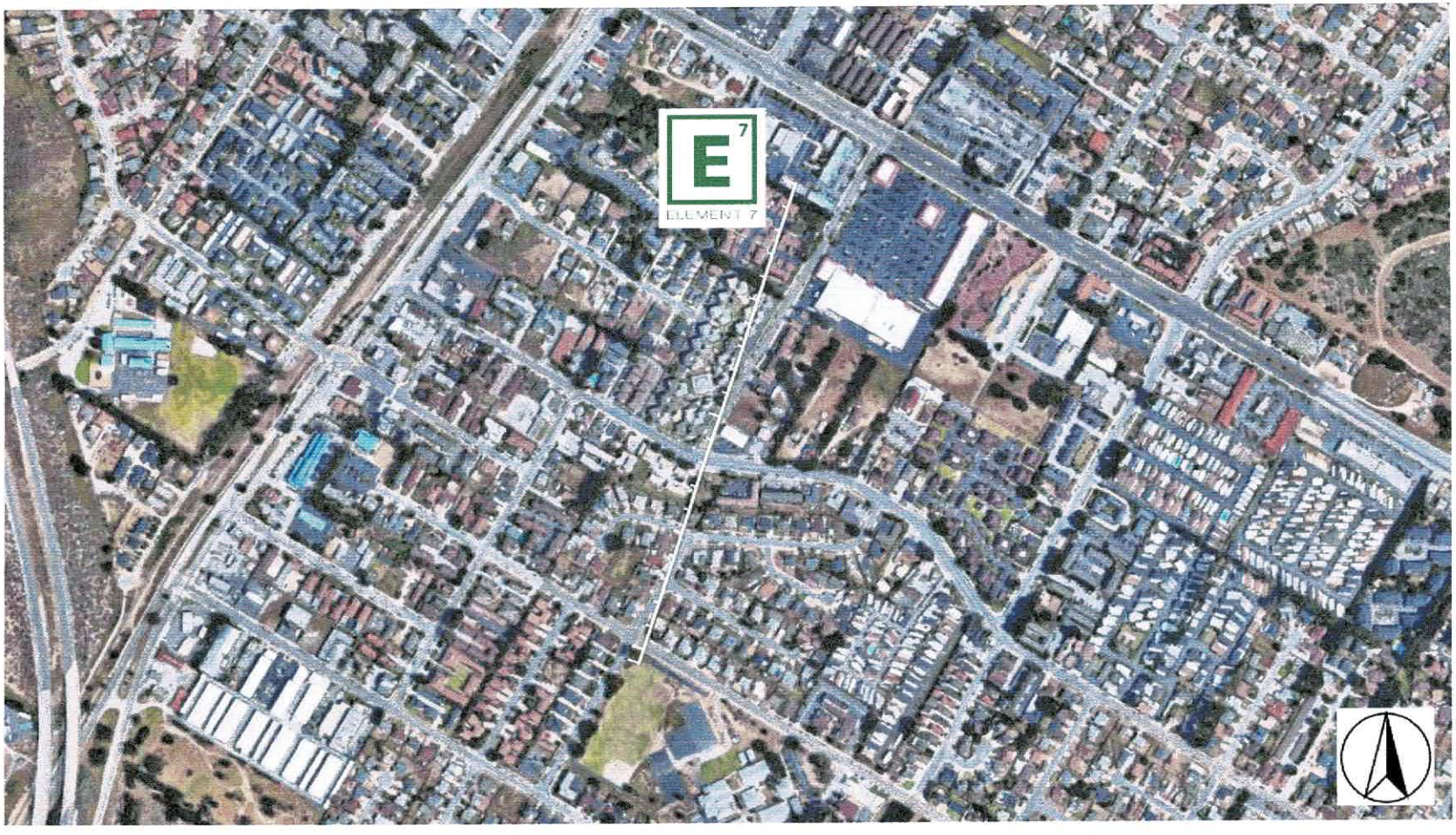
BUFFER ZONES MAP

PROPOSED ADDRESS:
234 Reservation Road
Marina, California 93933

NEAREST CHURCH

KOREAN FIRST PREBYTERIAN CHURCH OF MONTEREY
285B Carmel Avenue
Marina, California 93933

859.87 FEET



ELEMENT 7

BUFFER ZONES MAP

PROPOSED ADDRESS:
234 Reservation Road
Marina, California 93933

NEAREST PUBLIC PARK

MARINA CITY PARK
Marina, California 93933

1,981.96 FEET

ELEMENT 7

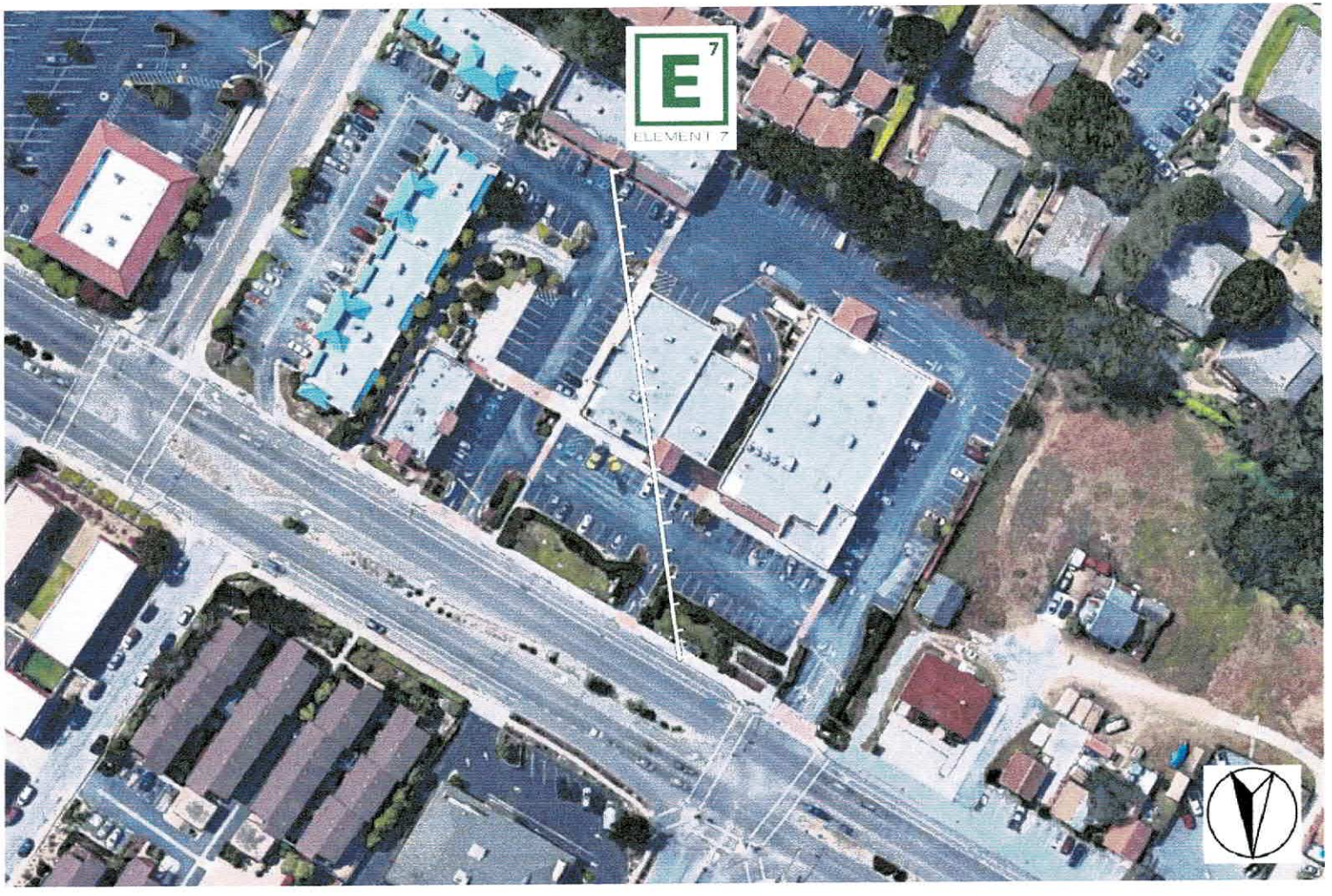
BUFFER ZONES MAP

PROPOSED ADDRESS:
234 Reservation Road
Marina, California 93933

NEAREST LIBRARY

MARINA LIBRARY
431 South Main Street
Ukiah, CA 95482

2,141.42 FEET



ELEMENT 7

BUFFER ZONES MAP

PROPOSED ADDRESS:
234 Reservation Road
Marina, California 93933

NEAREST PUBLIC TRANSIT SITE

RESERVATION / VISTA DEL CAMINO

482 FEET

ELEMENT 7 MARINA

PROPOSED PROPERTY DEVELOPMENT

234 Reservation Road, Marina, CA 93933

PROPERTY INFORMATION

PARCEL ID:	--
PROPERTY TYPE:	Single Unit
CONSTRUCTION TYPE:	--
ZONE:	Commercial/Public Service
#STORIES:	1

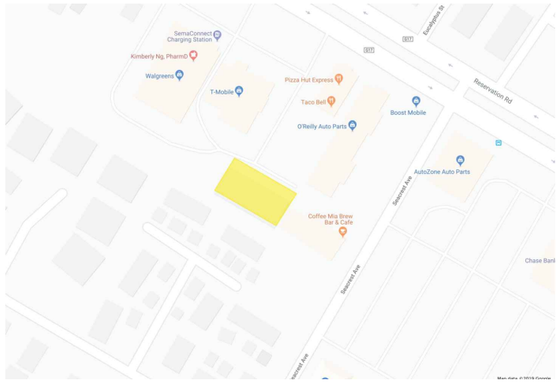
Property Boundary Description(s):

Building Description(s):

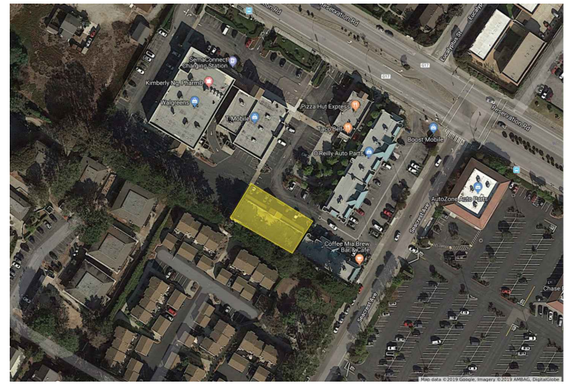
234 RESERVATION ROAD, MARINA, CA 93933

SQUARE FOOTAGE	5,000 SQ. FT.

VICINITY MAP



SATELLITE VIEW



GOVERNING CODE

This project shall comply with the:
2016 California Building Code (CBC)
2016 California Residential Code (CRC)
2016 California Mechanical Code (CMC)
2016 California Plumbing Code (CPC)
2016 California Electrical Code (CEC)
2016 California Green Building Standards Code (CGBS)
2016 California Energy Code

BUILDING SUMMARY

LOT SIZE:	------ SQ. FT.
FLOOR AREA	5,000 SQ. FT.
LOT COVERAGE: 8,400 / -------	= ---%

PARCEL MAP

SCOPE OF WORK

SHEET INDEX

ARCHITECTURAL

*A00	COVER SHEET
*A01	SITE PLAN
*A02	PROPOSED FLOOR PLAN
*A03	PROPOSED SECURITY PLAN
*A04	PROPOSED FLOOR AND SITE PLAN
*A05	PROPOSED EGRESS PLAN
*A06	RESTRICTED ACCESS PLAN

ELEMENT 7

ELEMENT 7
MARINA LLC

PROJECT: Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME: COVER SHEET

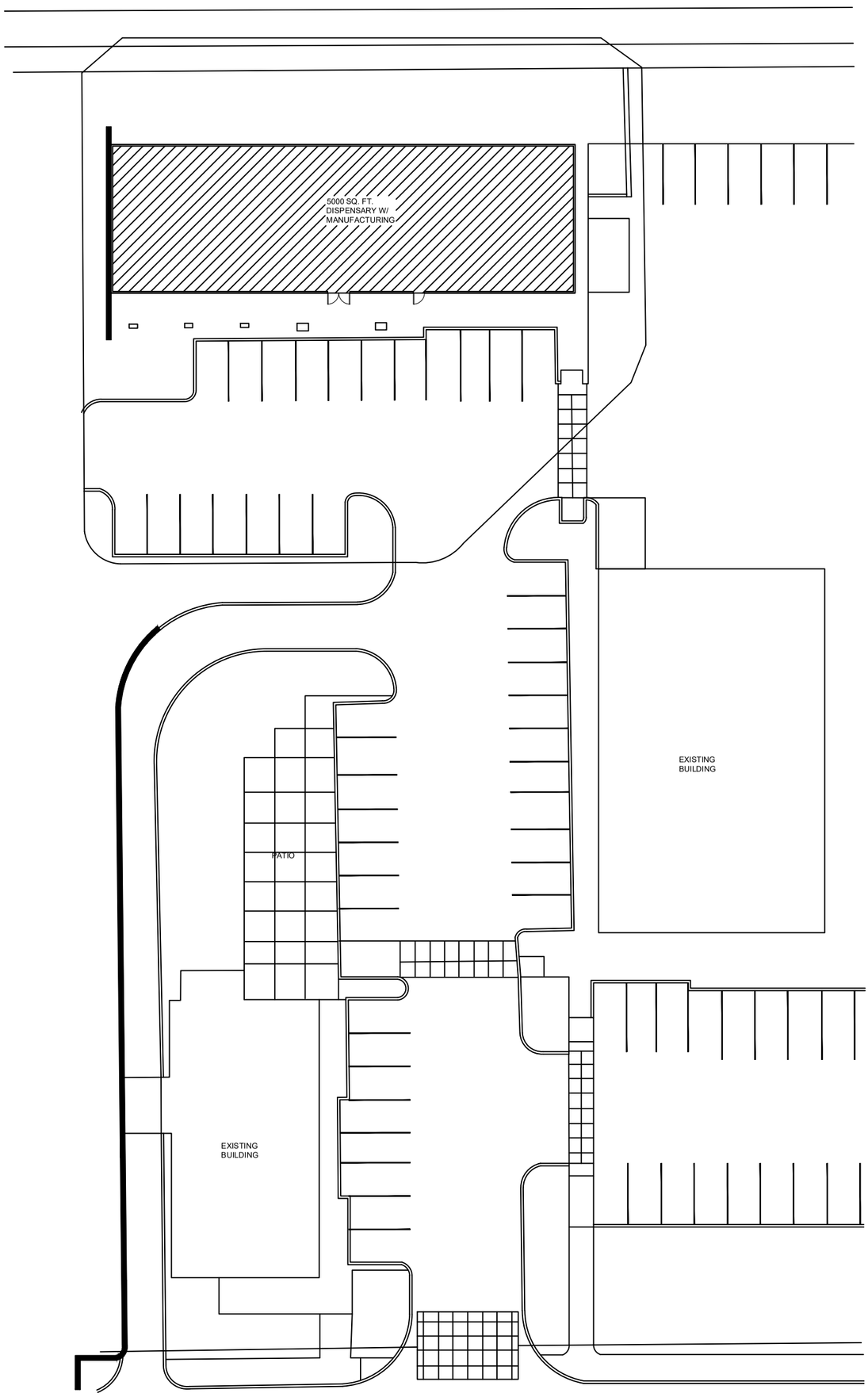
REVISIONS: DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE:

SHEET NO: A00



RESERVATION ROAD

A01

SHEET NO:

SCALE: 1/32" = 1'-0"

PROJECT No: 02-05/08

DATE: 05/13/19

REVISIONS: DATE:

PROJECT:

Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME:

SITE PLAN

NORTH

ELEMENT 7
ELEMENT 7
MARINA LLC

FLOOR PLAN
3/32" = 1'-0"

ELEMENT 7

ELEMENT 7
MARINA LLC

NORTH

PROJECT:
Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME:
PROPOSED FLOOR PLAN

REVISIONS:	DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE: 3/32" = 1'-0"

SHEET NO:

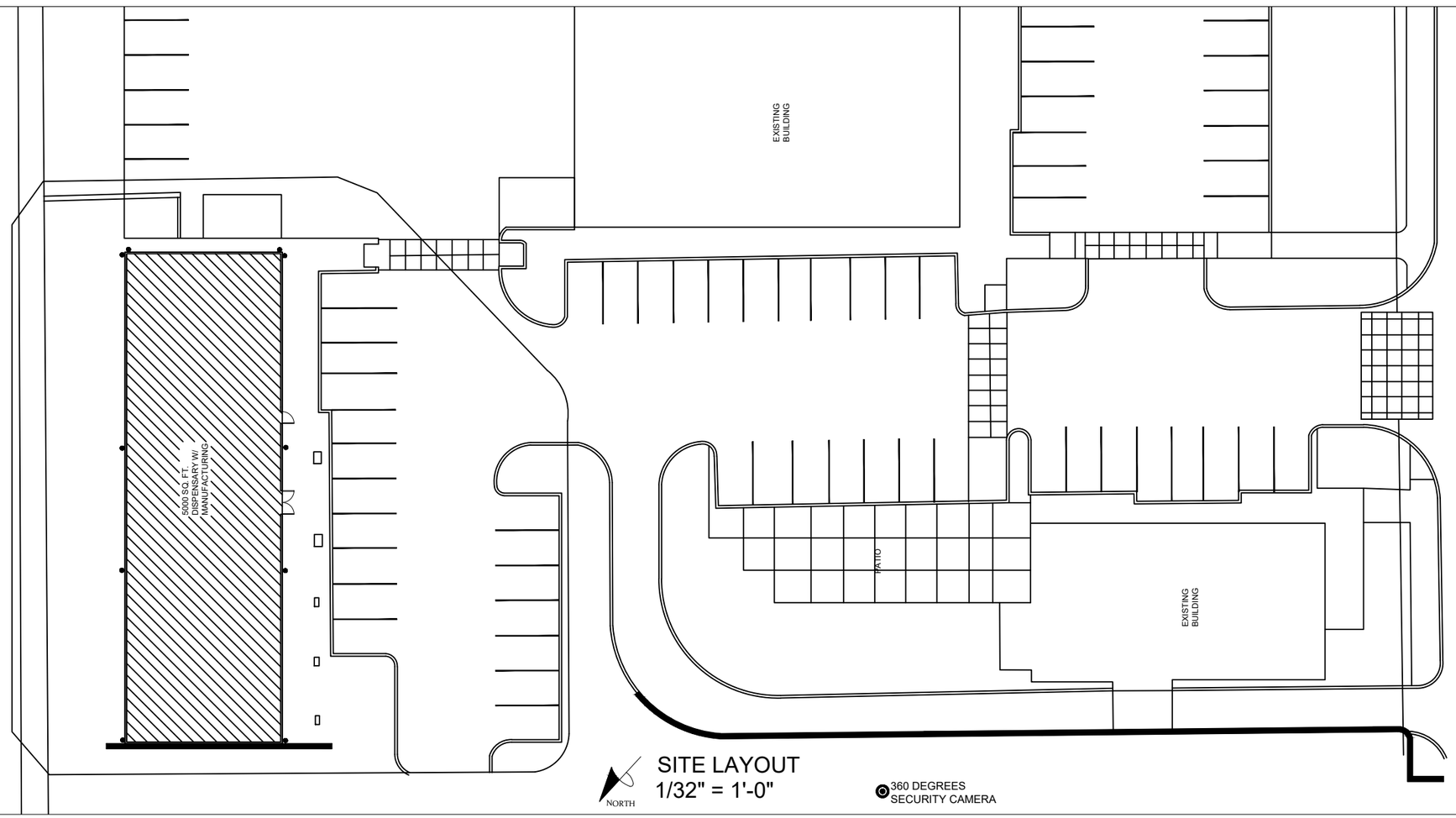
A02

[redacted]

NORTH

1/16" = 1'-0"

360 DEGREES
SECURITY CAMERA



NORTH

SITE LAYOUT
1/32" = 1'-0"

360 DEGREES
SECURITY CAMERA

ELEMENT 7

ELEMENT 7
MARINA LLC

PROJECT:
Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME:
PROPOSED SECURITY PLAN

REVISIONS:	DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE: VARIES

SHEET NO:

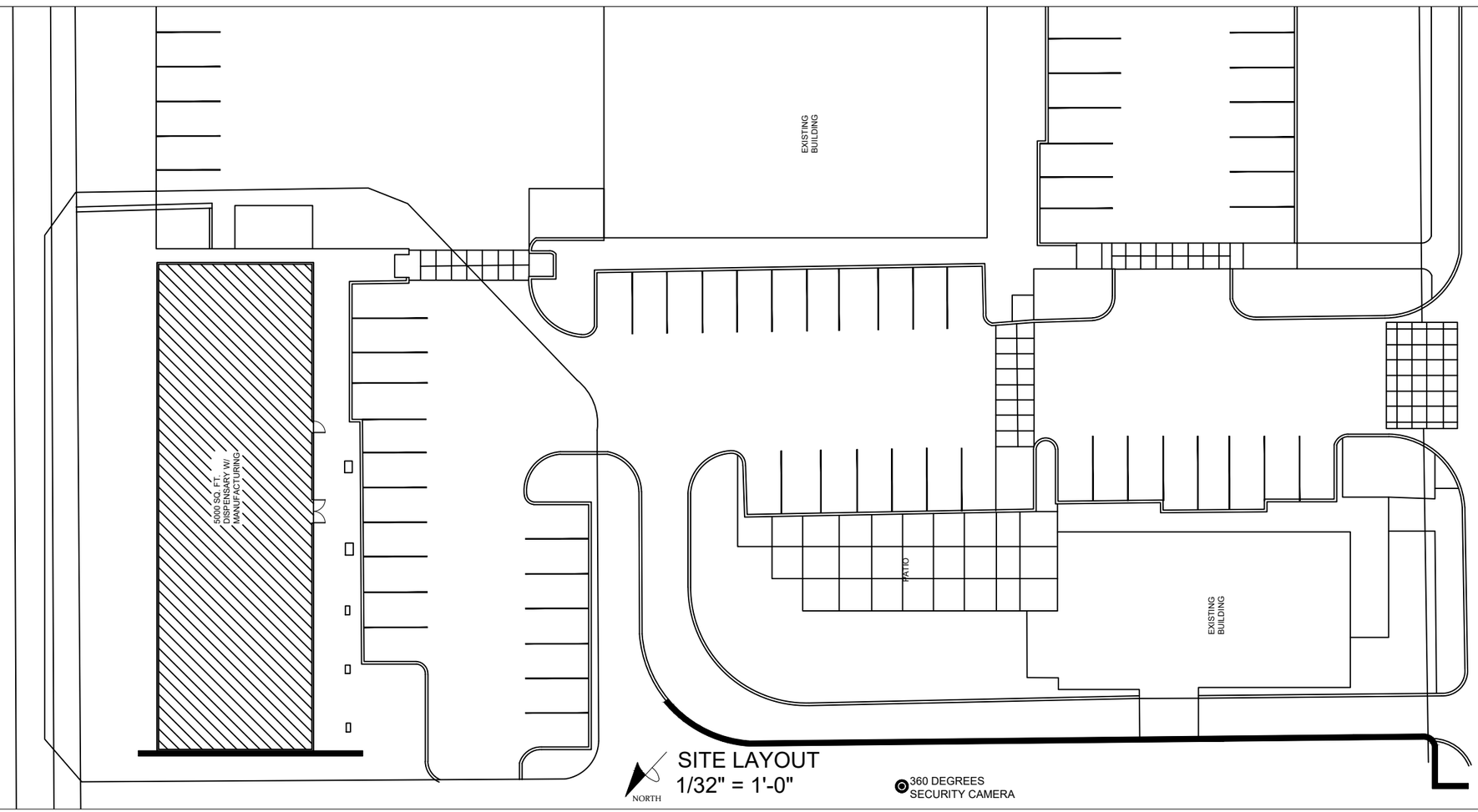
A03

[redacted]

NORTH

1/16" = 1'-0"

360 DEGREES
SECURITY CAMERA



NORTH

SITE LAYOUT
1/32" = 1'-0"

360 DEGREES
SECURITY CAMERA

ELEMENT 7

ELEMENT 7
MARINA LLC

PROJECT:
Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME:
PROPOSED FLOOR AND SITE PLAN

REVISIONS:	DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE: VARIES

SHEET NO:

A04

FLOOR PLAN
3/32" = 1'-0"

ELEMENT 7

ELEMENT 7
MARINA LLC

NORTH

PROJECT:
Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME:
PROPOSED EGRESS PLAN

REVISIONS: DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE: 3/32" = 1' - 0"

SHEET NO:
A05

GROUND FLOOR PLAN
3/32" = 1'-0"

ELEMENT 7

ELEMENT 7
MARINA LLC

NORTH

PROJECT:
Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME:
PROPOSED RESTRICTED ACCESS PLAN

REVISIONS: DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE: 3/32" = 1'-0"

SHEET NO:
A06

ELEMENT 7

BUSINESS PLAN: SECTION CONTENTS

Element 7 has included the following items within this section, which follows the City's request for information in the RFP Document:

- **Day to Day Operations for Each License:** We have included 5 sub-sections here, being:

  - **Site Operating Plan**: Policies and Procedures for all Element 7 operations including facility restrictions, hours of operation, opening and closing procedures, age restriction and verification, signage policies, advertising and marketing policies, sales limits, track and trace, inventory management, data management, records retention, auditing procedures, annual reviews, rights of access, packaging policy, storage and handling, testing procedures, complaints and returns, compliance management, permit display and noise reduction. All of these policies and procedures will govern all operations contemplated on the site.

  - **Dispensary Operating Plan** for the governance and operations of this license type.

  - **Non-Storefront Retail (Delivery) Operating Plan** for the governance and operations of this license type.

  - **Manufacturing Plan** for the governance and operations of this license type.

  - **Distribution Plan** for the governance and operations of this license type.

- **Conformance to Local and State Law.** We have provided a Statement of the Laws and Ordinances that Element 7 acknowledges that it must adhere to on a day-to-day basis in order to maintain its License. The preceding sections contain a vast amount of policy and text that governs our business on a day-to-day basis.

- **Track and Trace.** A full Inventory Management and Track and Trace Policy is provided in the Site Operating Plan noted above, with specific additional policies in place for specific License types. In addition, to demonstrate our commitment to compliance and Track and Trace, we have included a copy of our service agreement with Flowhub, one of the State's leading providers for Track and Trace (with full METRC integration).

- **Schedule for Beginning Operations** including a narrative outlining improvements and timelines for operations, with nine (9) local Marina contractors identified to support works.

- **Budget for Construction and Improvements** including a narrative outlining all works to be conducted in line with City and State Building Codes.

- **Budget for Operations, Maintenance, Compensation, Equipment Costs, Utility Costs, and Other Operations Costs** including how the business will be audited to ensure compliance.

- **Sources of Capital and Use of Funds** which shows access to all funds at Element 7's source ($5.5M), and how those funds would be spent.

- **Proof of Capitalization from ToroVerde Inc.** with attached relevant statements and letters.

- **Three-Year Pro Forma** with context given on assumptions and ongoing operations.

- **Business and Marketing Plan** which addresses the City's request for a robust business and marketing plan to create a sustainable, addressed, and compelling business plan that meets the needs of local Marina patients, customers and tourists.

In the Phase One request for information, the City has asked for a clear demonstration that the written plan will benefit the community and address the 'market study'. Our Community Benefits Plan (Tab 14) clearly address this, listing a financial amount that Element 7 will commit to the Marina community, hours that each full-time staff member will commit back to the community (paid volunteer hours), and the local businesses that Element 7 intends to partner with to deliver its products and services to the community.

Similarly, the names and resumes of key staff have been provided in Tab 7. Tony Raffoul and Robert DiVito are the two owners of the business and will own Element 7 Marina 50/50 each.

Sales projections are included with our financial estimates – we have built our pro forma from the ground-up based on customer numbers and projected basket sizes. These projections and assumptions are further built off local insights, demographics, behaviors and a range of other qualitative and quantitative data sources.

Page 4 of the 'Application Procedure Guidelines for Commercial Cannabis Businesses – Retail' states that the City is looking for a Business Plan that *demonstrates successful business operations at a similar scale of annual revenue for at least two years and / or capitalization sufficient to insure at least one year of operation*.

Element 7 believes that it addresses both of these through the following:

1. **Successful Business Operations**: Tony Raffoul and Robert DiVito both have a strong history in creating and operating successful businesses. Tony is the owner and operator of **Marina Spirit and Vape Smoke Shop**, a business that sees over 300 customers a day. He has successfully operated this business for the last 4 years in Marina. Robert DiVito built his first company, a car-park operations company in Chicago, from 1 to over 700 employees, before selling the business to a national operator. He then built an award-winning Charter School in Chicago. In 2015 he took a role as General Manager of Monterey Cannabis Co., one of the State's largest greenhouse cannabis operations, before launching Element 7 in 2017. With recently awarded licenses in San Luis Obispo, Walnut Creek, Lemon Grove, and Jurupa Valley, Element 7 is one of California's fastest growing cannabis companies. Raffoul and DiVito are proven small-business operators and have the credentials, experience, and plan to operate the Element 7 Marina business.

2. **Capitalization**: ToroVerde Inc., has committed $5.0M in funding for the operations at Element 7 Marina. With over $30.0M liquid banked cash, ToroVerde Inc., are prepared to deliver additional capital (if needed) for operations. We believe that our robust business plan, contingency budgets, and experience, will allow us to achieve our targets without having to call on additional capital, but for the purposes of addressing this question, yes, sufficient capital is available.

SITE OPERATING PLAN: POLICIES AND PROCEDURES

Element 7's Standard Operating Procedures are designed to provide step-by-step instructions for staff performing routine and complex tasks. Our SOP's focus on creating efficiency, quality and uniformity of output, while reducing miscommunication and failure to comply with industry regulations and company standards.

With an increasingly complex regulatory environment guiding our business and industry, the development of clear guidelines and the consistent implementation of such processes is critical to our business.

Standard Operating Procedures contained within this document are consistent across all aspects of our business, from seed to sale, and include:

- Facility Restrictions
- Opening and Closing Procedures
- Signage Policies
- Sales Limit
- Inventory Management
- Records Retention
- Annual Reviews
- Packaging Policy
- Testing Procedures
- Compliance Management
- Noise Reduction Policy
- Hours of Operation
- Age Restriction and Verification
- Advertising and Marketing Policies
- Track and Trace
- Data Management
- Auditing Procedures
- Right of Access
- Storage and Handling Policy
- Complaints, Returns & Recalls Policy
- Permit Display Policy

SITE OPERATING POLICIES

POLICY NAME	**FACILITY RESTRICTIONS**
APPLICABLE LAW	Pursuant to the California Code of Cannabis Regulations §5039 and the Marina Municipal Code, Element 7 officers, management, and staff will adhere to both local and state laws and regulations as it relates to running a compliant facility in the City of Marina.
POLICY OBJECTIVE	To ensure that the Element 7 facility remains in compliance with the City of Marina rules and regulations, as it relates to building signage, advertising, on-site consumption and permit visibility.
ELEMENT 7 CORE VALUE	*"Make Compliance an Advantage'*
SOP PROCEDURES	**Facility Restrictions**

Facility Restrictions

- On-site consumption of cannabis is prohibited at all times by all individuals on the property.

- No cannabis or cannabis products or graphics depicting cannabis or cannabis products will be visible from the exterior of the business premises, or on any of the vehicles owned or used as part of the business.

- Each entrance will be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis business is prohibited.

- The original copy of the commercial cannabis business permit issued by the City will be posted inside the business premises in a location readily visible.

POLICY NAME	**HOURS OF OPERATION**
APPLICABLE LAW	Pursuant to the California Code of Cannabis Regulations §5403, Element 7 officers, management, and staff will adhere to both local and state laws and regulations as it relates to running a compliant facility in the City of Marina.
POLICY OBJECTIVE	To create a successful and fully compliant operation which allows Element 7 to serve the needs of its patients, primary caregivers and customers during the hours of operation.
ELEMENT 7 CORE VALUE	*"Consistency is Everything'*
SOP PROCEDURES	**Hours of Operation**

Pursuant to BCC and CDPH and Marina requirements, the proposed main hours of operation for the Facility will be between 10am and 10pm:

[redacted]

POLICY NAME	**AGE RESTRICTION AND VERIFICATION**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5031, §5400, §5404 and §5415 Element 7 directors, officers and management will adhere to both local and state laws and regulations as it relates age restrictions at the facility in the City of Marina.
POLICY OBJECTIVE	To protect children and young adults from entering the Element 7 facility, and ensure that all patients, primary caregivers, customers and employees meet both the local and state age requirements.
ELEMENT 7 CORE VALUE	*"Make Compliance an Advantage'*
SOP PROCEDURES	**Employee Age Restriction** **Age Verification**

Employee Age Restriction

- Element 7 will not employ or retain persons under 21 years of age.

Age Verification

- Electronic age verification will be utilized to determine the age of any individual attempting to purchase cannabis goods. All employees will be instructed on its use.

- Cannabis will not be sold to the public without electronic age verification.

- Dispensary employees will verify the age and identity of the recipient of the cannabis goods at purchase.

- Cannabis goods will only be received by the customer. The employee will scan the customers valid identification card and verify that the individual is 21 years of age or older.

POLICY NAME	**SIGNAGE POLICIES**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5040 (b); Business and Professions Code §5200 and the City of Marina Municipal Code, the Element 7 facility will adhere to both local and state laws and regulations as it relates to signage in the City of Marina.
POLICY OBJECTIVE	To inform visitors, contractors, patients, primary caregivers, customers and staff of Element 7' protocols both inside the facility, and the area surrounding the facility.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Signage Policies**

SIGNAGE POLICIES

Element 7 will install facility signage once approved by the City of Marina, such as the main building sign, in a manner that clearly establishes it is a dispensary, but is not overly obtrusive, obstructive, or offensive in nature.

The following signage will be displayed prominently within the business in measurements of not less than 8 x 10 inches in a minimum of 24-point font, stating:

1. "The sale or diversion of cannabis or cannabis products without a license issued by the City of Marina is a violation of State law and the Marina Municipal Code."

2. "Smoking, ingesting or consuming marijuana on the premises or in the vicinity of the dispensary is prohibited."

3. "No one under the age of twenty-one will be allowed on the premises."

4. "The hours of operation for an authorized *dispensary* will be limited to between ten a.m. (10am) to ten p.m. (10pm)."

5. "Secondary sale, barter, or distribution of cannabis or cannabis products purchased from Element 7 is a crime and can lead to arrest."

6. "Patrons must immediately leave the premises and not consume cannabis or cannabis products until at home or in an equivalent private location. Staff will monitor the location and vicinity to ensure compliance."

7. "These premises are continually monitored by CCTV cameras."

8. "Loitering is strictly prohibited."

This signage is designed to ensure that customers are managed and aware that ingesting or smoking any cannabis products in the immediate vicinity of the building is not allowed, thus limiting the impacts on surrounding businesses, and their concerns.

POLICY NAME	**ADVERTISING AND MARKETING POLICIES**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5040, §5041-5041.1; Business and Professions Code §5200 and the City of Marina Municipal Code, the Element 7 facility will adhere to both local and state laws and regulations as it relates signage in the City of Marina.
POLICY OBJECTIVE	To compliantly market the Element 7 brand to new and existing patients, primary caregivers and customers in the City of Marina.
ELEMENT 7 CORE VALUE	*'Excellence in Everything We Do'*
SOP PROCEDURES	**Ethical Advertising and Marketing**

Ethical Advertising and Marketing

Element 7 will direct all advertising efforts towards cannabis customers only. The company logo and all produced marketing materials will be non-offensive and designed to be informative, not just about deals and product placement.

Element 7 will place advertisements strategically and deliberately and will not use large billboards or obtrusive signage in company campaigns unless a sign permit has been issued to the company and permitted by law.

Element 7 marketing materials will not be located within 600 Feet of a K-12th School, Child Care Center, Youth Center, Church, Park and Library.

In addition, Element 7 will gear its social media presence towards the responsible use of cannabis. As such, pages will include full disclaimers that products shown are for educational/promotional purposes, are intended for cannabis customers, and are not for sale through the outlet on which they are shown.

Advertising and marketing of the Element 7 brand will not contain any depictions of an individual under 21 years of age, nor will advertising and marketing be attractive to youth (as per the Municipal Code).

All Element 7 advertisements will comply with the Marina Municipal Code, County, State, and Federal Communications Commission (FCC) regulations.

Element 7 will update all ethical advertising practices to maintain compliance with the law and address any further concerns expressed by the public as referenced above.

POLICY NAME	**SALES LIMITS**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5409 Element 7 retail staff will adhere to both local and state laws and regulations as it relates to the daily sales limits in the City of Marina.
POLICY OBJECTIVE	To ensure that the Element 7 retail staff are providing patients, primary caregivers and customers with the correct amount of cannabis or cannabis goods in compliance with local and state laws and regulations.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Sales Limits**

Sales Limits

- Element 7 will not sell no more than 28.5 grams of non-concentrated Cannabis in a single day to a single customer.
- Element 7 will not sell no more than 8 grams of Cannabis Concentrate, including Cannabis Concentrate contained in Cannabis Products, in a single day to a single customer.
- Element 7 will not sell no more than 6 immature Cannabis plants in a single day to a single customer.
- Element 7 will not sell edible Cannabis Products containing more than 10 milligrams of THC per serving.
- Element 7 will not sell edible Cannabis Products containing more than 100 milligrams of THC per package.
- Element 7 will not sell Cannabis Products that is in the shape of a human being, either realistic or caricature, animal, insect, or fruit.
- Element 7 will not sell Cannabis-infused beverages or powder, gel, or other concentrate with instruction for the preparation of Cannabis-infused beverages.
- Element 7 will not provide free Cannabis or Cannabis Products to any Person.

POLICY NAME	**TRACK AND TRACE**
APPLICABLE LAW	Pursuant to the California Code of Regulations § 5048-5051; Business and Professions Code Section 26013, 26067, 26070, 26160 and 26161.
POLICY OBJECTIVE	To ensure that any cannabis handled, managed or sold by Element 7 is tracked and traced at every point of the inventory management process.
ELEMENT 7 CORE VALUE	*'Trusted'*
SOP PROCEDURES	**Track and Trace Operations** - Service Provider - Track and Trace Systems Procedures - Track and Trace Data - Destruction and Disposal of Cannabis - Loss of Connectivity - System Reconciliation

Track and Trace System Provider

[redacted] as its primary point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale), time and date of each sale, etc.

Track and Trace Procedures

- Element 7 will have in place a point-of-sale or management inventory tracking system to track and report on all aspects of the commercial cannabis business including, but not limited to, such matters as cannabis tracking, inventory data, gross sales (by weight and by sale), time and date of each sale, etc.

- All transactions will be entered into the track and trace system by 11:59 p.m. Pacific Time, on the day the transaction occurred.

- Element 7 will only enter and record complete and accurate information into the track and trace system, and will correct any known errors entered into the track and trace system immediately upon discovery.

- Element 7 will record in the track and trace system, all commercial cannabis activity, including any:

    1. Packaging of cannabis goods.

    2. Sale of cannabis goods.

    3. Transportation of cannabis goods to a licensee.

    4. Receipt of cannabis goods.

5. Return of cannabis goods.

6. Destruction and disposal of cannabis goods.

7. Laboratory testing and results.

8. Any other activity as required by any other licensing authority.

- The following information will be recorded for each activity entered in the track and trace system:

1. Name and type of the cannabis goods.

2. Unique identifier of the cannabis goods.

3. Amount of the cannabis goods, by weight or count.

4. Date and time of the activity or transaction.

5. Name and license number of other licensees involved in the activity or transaction.

6. If the cannabis goods are being transported Element 7 will transport pursuant to a shipping manifest generated through the track and trace system as well as:

   a) The name, license number, and premises address of the originating licensee.

   b) The name, license number, and premises address of the licensee transporting the cannabis goods.

   c) The name, licensee number, and premises address of the destination licensee receiving the cannabis goods into inventory or storage.

   d) The date and time of departure from the licensed premises and approximate date and time of departure from each subsequent licensed premises, if any.

   e) Arrival date and estimated time of arrival at each licensed premises.

   f) Driver's license number of the personnel transporting the cannabis goods, and the make, model, and license plate number of the vehicle used for transport.

Destruction and Disposal of Cannabis

- If cannabis goods are being destroyed or disposed of, the licensee will record in the track and trace system the following additional information:

1. The name of the employee performing the destruction or disposal.

2. The reason for destruction or disposal.

3. The name of the entity being used to collect and process cannabis waste.

- Description for any adjustments made in the track and trace system, including, but not limited to:

1. Spoilage or fouling of the cannabis goods.

2. Any event resulting in exposure or compromise of the cannabis goods.

3. Any other information as required by any other applicable licensing authorities.

Loss of Access

- If at any point Element 7 loses access to the track and trace system for any reason, Element 7 will prepare and maintain comprehensive records detailing all commercial cannabis activities that were conducted during the loss of access.

- The licensee will both document and notify licensing authorities immediately:
  1. When access to the system is lost;
  2. When it is restored; and
  3. The cause for the loss of access.

- Element 7 will submit the Notification and Request Form, BCCLIC-027 when connectivity is lost.

- Once access is restored, all commercial cannabis activity that occurred during the loss of access will be entered into the track and trace system within three (3) business days of access being restored.

- Element 7 will not transport, transfer or deliver any cannabis goods until such time as access is restored and all information recorded in the track and trace system.

System Reconciliation

Element 7 will reconcile the physical inventory of cannabis goods at the licensed premises with the records in the track and trace database at least once every 14 days. If Element 7 finds a discrepancy between its physical inventory and the track and trace system database, the licensee will conduct an audit.

POLICY NAME	**CANNABIS INVENTORY CONTROL POLICY**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5423-5324 Element 7 management and staff will adhere to both local and state laws and regulations as it relates to inventory control in the City of Marina.
POLICY OBJECTIVE	To ensure that any cannabis handled, managed or sold by Element 7 is managed and accounted for in the most efficient and effective manner possible.
ELEMENT 7 CORE VALUE	*'Consistency'*
SOP PROCEDURES	**Inventory Control** - Inventory Control Practices - Monthly Inventory Procedure - Inventory Discrepancies

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POLICY NAME	**DATA MANAGEMENT**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5048 and §5051 in association with an Element 7 Internal Policy. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to data management in the City of Marina
POLICY OBJECTIVE	To ensure that privacy records, financial records, cost tracking and analysis, inventory levels and compliance data are safely and securely stored within the cloud software.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Data Management** **Data Reconciliation**

Data Management

Data will be stored by Element 7 using industry specific cloud storage software. Our first priority is to ensure that such system provides secure electronic access to health data that is compliant with privacy rules and HIPAA Compliance (Health Insurance of Portability and Accountability Act). HIPAA Compliance ensures that data could never be released without either the patients written consent or by court subpoena. Data is stored at an off-site HIPAA-Compliant Data Storage Centre and is SSL Encrypted.

Specifically, we will also ensure that any Data Storage and Web-Hosting Services have:

1. A signed Business Associate Agreement (BAA)
2. Monthly vulnerability scans of your servers
3. Mitigation of the vulnerabilities discovered by the monthly vulnerability scans
4. Server hardening
5. Off-site backups
6. Log retention of 6 years

A licensed CFO is retained and employed by Element 7 to ensure that appropriate financial systems, policies, procedures and accounts are maintained accurately by the Company. GAAP Accounting Procedures shall be used. An independent and certified 3rd party auditor shall also be appointed for annual accounting compliance and audit checks.

Data Reconciliation

The key is to gather information at specific points in the process and then reconcile that information such that the continuous flow and custody of the cannabis product can be monitored and measured. Such information is used at two levels.

- First, for regulatory reporting purposes.
- Second, as a management tool for making important decisions about the overall efficiency of the operation.

To that end, information such as cost tracking and analysis, inventory levels and compliance data is entered into the Data Management System and recorded. Any differences between expected and actual values or counts are immediately highlighted and addressed. Further, using various software privileges, individual employees are held accountable for their tasks and any issues that may arise in fulfilling those tasks. Each employee is given a specific password, such that his/her work input can be monitored and corrected, if necessary.

The software systems have a redundancy of backup. Data is stored in secured hardware off-site cloud storage servers (HIPAA-Compliant process), using the latest in encryption technology. All data collected is time and date specific, identified by the employee inputting the data and stored for at least the time required by the State rules. Further, backup data is taken at regular intervals and stored off-site in secondary secure locations using portable hard drives. The result is a highly secure, data processing system with redundancy of operations and storage built in.

POLICY NAME	**RECORDS RETENTION**
APPLICABLE LAW	Pursuant to California Code of Regulations §5037 and §5426. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to record retention in the City of Marina.
POLICY OBJECTIVE	To ensure that Element 7 management, officers and employees keep and consistently maintain all records related to commercial cannabis activity at the premises.
ELEMENT 7 CORE VALUE	*'Accountability'*
SOP PROCEDURES	**Record Overview** - Record Retention - Employee Records - Records Management

Records Retention

Element 7 will keep and maintain the following records related to commercial cannabis activity for at least seven years:

- **Financial Records** including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration.
- **Personnel Records** including each employee's full name, social security or individual taxpayer identification number, date employment begins, and date of termination of employment if applicable.
- **Training Records** including but not limited to the content of the training provided, and the names of the employees that received the training.
- **Contracts** with other licensees regarding commercial cannabis activity, including the source(s) of all products.
- **Permits, Licenses, and Other Local Authorizations** to conduct the licensee's commercial cannabis activity.
- **Security Records** except for surveillance.
- **Cannabis Records** relating to the composting or destruction of cannabis goods.
- **Documentation for Data** or information entered into the track and trace system.

- **Other Documents** prepared or executed by an owner or his employees or assignees in connection with the licensed commercial cannabis business.

- **Accurate Books and Records** in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities.

- **Employee Register** containing the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in Element 7, and separately of all the officers, managers, employees, and agents currently employed or otherwise engaged by Element 7.

- **Accurate Record of Sale** for every sale made to a customer. A record of a cannabis goods sale will contain the following information:

    a) The first name and employee number of the retailer employee who processed the sale;

    b) The first name of the customer and a retailer assigned customer number for the person who made the purchase;

    c) The date and time of the transaction;

    d) A list of all the cannabis goods purchased, including the quantity purchased; and

    e) The total amount paid for the sale including the individual prices paid for each cannabis good purchased and any amounts paid for taxes.

Employee Records

Element 7 will keep the following records of each of its employees on file at the premises of the business:

- Name, address, and phone number of the employee;

- Age and verification of employee. A copy of a birth certificate, driver's license, government issued identification card, passport or other proof that the employee is at least twenty- one (21) years of age must be on file with the business;

- A list of any crimes enumerated in California Business and Professions Code Section 26057(b)(4) for which the employee has been convicted;

- Name, address, and contact person for all previous employers of the employee for the last ten (10) years, including, but not limited to, all

employers from which the employee was fired, resigned, or asked to leave and the reasons for such dismissal or firing;

- The fingerprints and a recent photograph of the employee;

- Verification that the employee is a qualified customer or primary caregiver, if applicable.

Financial Records

An appropriate Financial Software (e.g., QuickBooks) shall be installed and mandated for use by Element 7 with all revenues, expenses, assets and liabilities, accounted for. Annual records (or as requested) shall be made available to the City detailing all sales revenue on a per month basis. Taxes shall be estimated at agreed City rates and paid on time to all Local and State Tax Authorities.

Records Management

Records will be kept in a manner that allows the records to be produced for licensing authorities at the licensed premises in either hard copy or electronic form.

Records shall be maintained off-site, in electronic form on a secure SLL-encrypted server and secured and verified by the Head of Compliance for Element 7 as needed (consistent with requirements pertaining to patient confidentiality pursuant to applicable state and federal law).

All records required to be maintained by the business will be maintained for no less than three (3) years and are subject to immediate inspection by approved City Officials.

POLICY NAME	**AUDITING PROCEDURES**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5800 (c-e) and Element 7 Internal Policies. Element 7 officers, management and staff will adhere to both local and state laws and regulations as it relates to auditing procedures in the City of Marina.
POLICY OBJECTIVE	To ensure accuracy of Element 7' systems and processes at the licensed facility in the City of Marina.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Auditing Procedures** - Internal Auditing - External Auditing - City Audit Access

Internal Auditing

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POLICY NAME	**ANNUAL REVIEWS**
APPLICABLE LAW	An Element 7 Internal Policy.
POLICY OBJECTIVE	To provide transparency to the City of Marina as it relates to Element 7' internal processes, records, community engagement, security measures, labor and employment and site management at the facility.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Annual Review**

Annual Review

Element 7 will submit an **Annual Performance Review Report** for review and approval by the City Manager, Development Services Director, and Head of Planning at the City of Marina.

This Annual Performance Review Report will cover all financials, labor and employment, community engagement, localization initiatives, security measures and initiatives, odor control initiatives, environmental initiatives and site management procedures implemented and executed by Element 7.

POLICY NAME	**RIGHT OF ACCESS**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5800 (c-e) and Element 7 Internal Policies. Element 7 officers, management and staff will adhere to both local and state laws and regulations as it relates to right of access in the City of Marina.
POLICY OBJECTIVE	To provide transparency to the City of Marina as it relates to Element 7 granting full access to the premises and records at the facility.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Right of Access**

Right of Access

Element 7 understands that the company is required to allow City officials, employees, and their designees full access to the premises and records as per the Marina Municipal Code.

POLICY NAME	**PACKAGING POLICY**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5303 and §5412-5413. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to packaging in the City of Marina.
POLICY OBJECTIVE	To ensure packaging is compliant throughout the entire life-cycle of the cannabis and/or cannabis product.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Packaging Overview** - Packaging Practices: Dispensary Operations - Packaging Practices: Distribution Operations - Packaging Practices: Manufacturing Operations **Label Content for Cannabis and Cannabis-Derived Products** **Informational Panel Labeling** **Child-resistant Packaging** **New and First-Time Cannabis Users (Additional Packaging)**

Packaging Regulations

All packaging will meet the requirements of California Business and Professions Code section 19347 and as a best practice, Element 7 will also meet the packaging requirements as outlined by the following standards:

- Poison Prevention Packaging Act (PPPA), Title 16, Part 1700;
- Code of Federal Regulations, Title 40, part 157.2; and
- American Society for Testing and Materials (ATSM) D3475-15.

Packaging Practices: Dispensary Operations

- Any edible cannabis or edible cannabis products sold on-site shall be labelled and placed in tamper-evident packaging which meets the requirements of the Bureau of Cannabis Control (BCC) as may be amended from time-to-time or superseded or replaced by subsequent State legislation or by any department or division of Marina.

- All items to be sold or distributed shall be individually wrapped at the original point of preparation by the business permitted as a commercial cannabis manufacturer. Labeling must include a warning if nuts or other known allergens are used, and must include the total weight (in ounces or grams) of cannabis in the package.

- A warning that the item is a medication and not a food will be clearly legible on the front of the package and/or must comply with state packing requirements.

- The package will have a label warning that the product is to be kept away from children. The label will also state that the product contains cannabis and must specify the date of manufacture.

- Any edible cannabis product that is made to resemble a typical food product must be in a properly labelled opaque (non-see-through) package before it leaves the commercial cannabis manufacturing business.

Packaging Practices: Distribution Operations

- No Element 7 distribution business or operations will package, re-package, label, or re-label manufactured cannabis products. If this is required, the products would be sent to the originating entity that holds a manufacturing license.

- If it is determined during laboratory testing that a manufactured product is labeled with the incorrect amount of THC per package or serving but is within the THC limits for sale, Element 7 understands that it may re-label the package with the accurate THC amount.

- Element 7 also understands that it may re-label packages with the accurate amount of cannabinoids and terpenoids if laboratory testing determines that the manufactured product is labeled within incorrect amounts.

Packaging Practices: Manufacturing Operations

A package used to contain a cannabis product will adhere to the following requirements:

- The package will protect the product from contamination and will not expose the product to any toxic or harmful substance.

- The package will be tamper-evident, which means that the product will be packaged in packaging that is sealed so that the contents cannot be opened without obvious destruction of the seal.

- The package will be child-resistant. A package will be deemed child-resistant if it satisfies the standard for "special packaging" as set forth in the Poison Prevention Packaging Act of 1970 Regulations (16 C.F.R. §1700.1(b)(4)) (Rev. December 1983), which is hereby incorporated by reference.

- The package will not imitate any package used for products typically marketed to children.

- If the product is an edible product, the package will be opaque.

- If the package contains more than one serving of cannabis product, the package will be re-sealable so that child-resistance is maintained throughout the life of the package.

Label Content for Cannabis and Cannabis-Derived Products

- Each packaged and labeled product must bear on the label of its primary packaging in a type size no less than 6 point:

  - The identity of the product in a text size reasonably related to the most prominent printed matter on the panel;
  - The universal symbol as prescribed in Section 40412;
  - The net weight or volume of the contents of the package;
  - The THC content and CBD content for the package in its entirety, expressed in milligrams per package;
  - Name and place of business of the manufacturer or distributor.

- In addition to the above requirements, for edible products, each product label must contain a "Product Facts" box listing quantitative content and nutrient information relevant to the product, including, as applicable to the product's content:
  - The words "cannabis-infused" immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.
  - The THC content and CBD content per serving, expressed in milligrams per serving.

Informational Panel Labeling

The label for a cannabis product will include an informational panel that includes the following:

- The licensed manufacturer and its contact number or website address;
- The date of the cannabis product's manufacture and packaging;
- The following statement in bold print: "GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."
- If the cannabis product is intended for sale in the medicinal-use market, the statement "FOR MEDICAL USE ONLY;"
- A list of all product ingredients in descending order of predominance by weight or volume;

- If the edible cannabis product contains an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word "contains," followed by a list of the applicable major food allergens;

- If an edible cannabis product, the names of any artificial food colorings contained in the product;

- If an edible cannabis product, the amount, in grams, of sodium, sugar, carbohydrates, and total fat per serving;

- Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use;

- The product expiration date, "use by" date, or "best by" date, if any; and

- The UID and, if used, the batch number.

Child Resistant Packaging

- Element 7 will draw its definition for child-resistant packaging from the PPPA. The Act defines child-resistant packaging as "designed or constructed to be significantly difficult for children under five years of age to open and not difficult for normal adults to use properly."

- Prior to delivery by or sale at Element 7, BudTenders and Dispatch staff will package cannabis products in tamper-proof, child-resistant packaging, then label the packages. Labels will include a unique identifier, which will originate from manufacturers and cultivators for the purpose of identifying and tracking medical and adult-use cannabis.

- Child-resistant packages will not be attractive to children, nor will any package be sold that is not child-resistant, unless otherwise exempted by regulation. Element 7 will only use generic food names on labels to describe edible medical cannabis products.

New and First-Time Cannabis Users (Additional Packaging)

Each package of medical cannabis sold will include a patient educational-safety insert. The insert will advise patients and customers on the following:

- Method or methods of administering individual doses of medical cannabis;

- Any potential dangers stemming from the use of medical cannabis;

- How to recognize what may be problematic usage of medical cannabis and how to obtain treatment for problematic usage;

- The side effects and contraindications associated with medical cannabis, if any, which may cause harm to the patient; and

- How to prevent or deter the misuse of medical cannabis by children.

It is a primary goal of Element 7 to ensure that all patients, caregivers and customers are fully informed about their medicine and cannabis. Element 7 BudTenders will welcome any question or potential concerns they have about information contained on labels and inserts, including how to access company information in languages other than English. Element 7 will contract with a translation service and use translation software to create safety inserts for patients in multiple languages. Providing multi-lingual services to all customers will ensure that Element 7 operates with a spirit of inclusiveness and patient-focused care.

POLICY NAME	**STORAGE AND HANDLING POLICY**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5033,§5044(c)(2), §5301. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to storage and handling in the City of Marina.
POLICY OBJECTIVE	To ensure cannabis and cannabis products are safe and secured in order to protect against deterioration, contamination and product diversion.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Storage Procedures** - Storage and Handling - Withholding Materials from Use

Storage Procedures

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POLICY NAME	**TESTING PROCEDURES**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5302, §5304-5307. Element 7 management and staff will adhere to both local and state laws and regulations as it relates to testing procedures in the City of Marina.
POLICY OBJECTIVE	To establish a trusted testing procedure that will allow Element 7 to remain compliant with state law, in addition to working with other licensed commercial cannabis businesses and ensuring they are also in compliance with the testing procedures established by the City of Marina.
ELEMENT 7 CORE VALUE	*'Trust is Earned, Not Given'*
SOP PROCEDURES	**Testing Overview** - Testing Procedures - Preferred Testing Lab Partner - Storage of Batches for Testing - Testing Arrangements - Testing Sample Sizes - Testing Sample Documentation - Chain of Custody - Laboratory Testing Result - Certificate of Analysis

TESTING OVERVIEW

Testing Procedures

Cannabis testing must be undertaken by a State-Licensed Testing Lab. All testing processes and procedures will be managed by a State-Licensed Distributor. Element 7's Head of Compliance (Amber Norwood) will oversee all verification of testing procedures, certificates, and other documentation to ensure accuracy and completeness, where Element 7 has a Distribution License in place.

Preferred Testing Lab Partner

Element 7's preferred testing lab partner is Ceres Labs.

Name:	Ceres Labs
Key Contact:	Sachin Barot (CEO)
Number:	(347) 749 2367
Website:	www.cereslabs.com

Storage of Batches for Testing

- Element 7 will ensure that all cannabis goods testing batches are stored separately and distinctly from other cannabis goods batches on Element 7's premises. Testing Batches and other Cannabis Batches will be stored in separate areas within the Manufacturing Lab.

- Element 7 will ensure a label with the following information is physically attached to each container of each batch:

a. The manufacturer or cultivator's name and license number, who provided the batch;
b. The date of entry into Element 7's storage area;
c. The unique identifiers and batch number associated with the batch;
d. A description of the cannabis goods with enough detail to easily identify the batch;
e. The weight of or quantity of units in the batch; and
f. The best-by, sell-by, or expiration date of the batch, if any.

- Employee break rooms, changing facilities, and bathrooms will be separated from all storage areas.

Testing Arrangements

- After taking physical possession of a cannabis goods batch, Element 7 (Distribution) will contact a testing laboratory and arrange for a laboratory employee to come to Element 7's licensed premises to select a representative sample for laboratory testing.

- After obtaining the sample, the testing laboratory representative will maintain custody of the sample and transport it to the testing laboratory.

Testing Sample Sizes

The following **Harvest** Batch Samples shall be used for all cannabis flower testing procedures (e.g., whole pounds):

Unpacked Harvest Batch Size (pounds)	Number of Increments (per sample)
≤ 10.0	8
10.1 – 20.0	16
20.1 – 30.0	23
30.1 – 40.0	29
40.1 – 50.0	34

The following **Product** Batch Samples shall be used for all cannabis packaged product testing procedures (e.g., eighths, cartridges and edible products):

Cannabis Product Batch Size (units)	Number of Increments (per sample)
≤ 50	2
51 – 150	3
151 – 500	5
501 – 1,200	8
1,201 – 3,200	13
3,201 – 10,000	20
10,001 – 35,000	32
35,001 – 150,000	50

Testing Sample Documentation

- An employee of Element 7 will be physically present to observe the laboratory employee obtain the sample of cannabis goods for testing and will ensure that the increments are taken from throughout the batch. Employee will not assist the laboratory employee nor touch the cannabis goods or the sampling equipment while the laboratory employee is obtaining the sample.

- The sampling will be video recorded with the batch number stated at the beginning of the video and a visible time and date indication on the video recording footage. The video recordings will be maintained for 180 days.

- After the sample has been selected, both Element 7 and the laboratory employee will sign and date the chain of custody form attesting to the sample selection having occurred.

Chain of Custody

- The testing laboratory will develop and implement a COC protocol to ensure accurate documentation of the transport, handling, storage, and destruction of samples.

- The COC protocol will require the use of a COC form that contains, at minimum, the following information:

  (i) Laboratory's name, physical address, and license number;

  (ii) Element 7's name, physical address, and license number;

  (iii) Unique sample identifier;

  (iv) Date and time of the sample collection;

  (v) Printed and signed name(s) of Element 7 employee(s);

  (vi) Printed and signed name(s) of the sampler(s); and

  (vii) Printed and signed name(s) of the testing laboratory employee that received the sample.

- Each time the sample changes custody between licensees, is transported, or is destroyed, the date, time, and the names and signatures of persons involved in these activities will be recorded on the COC form.

- Element 7 will not assist the laboratory employee nor touch the cannabis goods or the sampling equipment while the laboratory employee is obtaining the sample.

Laboratory Testing Results

- When a batch from a manufactured or harvest batch passes, the cannabis goods may be transported to one or more retailers.

- If a failed sample was collected from a batch and the batch could be remediated, Element 7 may transport or arrange for the transportation of the batch to a manufacturer for remediation.

- Element 7 will not destroy a batch that failed laboratory testing and cannot be remediated.

Certificate of Analysis

When Element 7 receives a **Certificate of Analysis** from a State-Licensed Testing Laboratory stating that the sample meets specifications required by law, Element 7 (where approved for a Distribution License) will ensure the following before transporting the cannabis goods to one or more retailers:

a. Employee will review the certificate of analysis received from the testing laboratory and verify that the certificate of analysis corresponds to the batch.

b. The label on the cannabis goods is consistent with the certificate of analysis regarding cannabinoid content and contaminants required to be listed by law.

c. The packaging complies with applicable packaging and labeling laws including;

(i) The packaging is tamper evident. "Tamper evident" means a one-time-use seal is affixed to the opening of the package, allowing a person to recognize whether or not the package has been opened;

(ii) The weight or count of the cannabis batch comports with that in the track and trace system. Element 7 will use scales as required by the Act; and

(iii) All events up to this point have been entered into the track and trace system. L. Certification of Analysis

- The COA will contain, at minimum, the following information:

(i) Laboratory's name, address, and license number;

(ii) Distributor's name, address, and license number;

(iii) Cultivator's, manufacturer's, or micro-business' name, address, and license number;

(iv) Batch number of the batch from which the sample was obtained;

(v) Sample identifying information, including matrix type and unique sample identifiers;

(vi) Sample history, including the date collected, the date received by the laboratory, and the date(s) of sample analyses and corresponding testing results;

(vii) For cannabis samples, the total weight, in grams, of both the primary sample and the total batch size;

(viii) For cannabis product samples, the total unit count of both the primary sample and the total batch size;

(ix) The identity of the analytical methods used and corresponding Limits of Detection (LOD) and Limits of Quantitation (LOQ); and

(x) Analytes detected during the analyses of the sample that are unknown, unidentified, or injurious to human health if consumed, if any.

- The laboratory will report test results for each primary sample on the COA as follows:

(i) When reporting quantitative results for each analyte, the laboratory will use the appropriate units of measurement as required under this chapter;

(ii) When reporting qualitative results for each analyte, the laboratory will indicate "pass" or "fail";

(iii) When reporting results for each test method, the laboratory will indicate "pass" or "fail";

(iv) When reporting results for any analytes that were detected below the analytical method LOQ, indicate "<LOQ";

(v) When reporting results for any analytes that were not detected or detected below the LOD, indicate "ND"; and

(vi) Indicate "NT" for any test that the laboratory did not perform.

POLICY NAME	**COMPLAINTS, RETURNS AND RECALL POLICY**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5410 Element 7 management and staff will adhere to both local and state laws and regulations as it relates complaints, returns and recalls at the facility in the City of Marina.
POLICY OBJECTIVE	To provide a high level of customer service to patients, primary caregivers and customers who may want to complain or return cannabis /cannabis products purchased at our facility. In the event of a recall, Element 7 management and staff will be able to execute the process seamlessly by adhering to this policy.
ELEMENT 7 CORE VALUE	*'Trust is Earned, Not Given'*
SOP PROCEDURES	**Customer Satisfaction** - Complaints - Returned Products - Recall Procedures
KPI's	- All complaints must be acknowledged within 24-hours of receiving such complaint. - All complaints must be dealt with and completed within 72-hours of receiving such complaint.

CUSTOMER SATISFACTION

Element 7 has a complaints, returns, and recalls policy that is fair, just, and flexible (where needed) to deal with customer issues immediately. The policy has been designed to put customers first and adapt to the numerous circumstances where required to ensure that our patients and customers are managed fairly and justly.

The policy is rigid where it needs to be, particularly in relation to Product Recalls where there is minimal, or no, flexibility for front-line retail sales staff.

Complaints

- Element 7 appoints the General Manager as the qualified person that will receive all customer complaints. The General Manager must notify Element 7's Head of Compliance within 12-hours of any complaint by completing a "Complaint Notice" form which records the time, date, name, location and situation, regarding where the complaint was received (e.g., phone, in-store, online etc.)

- Once a complaint is received, Element 7's Head of Compliance (Amber Norwood) will determine the following:

    - Receive and review product complaints to determine whether the product complaint involves a possible failure of a product to meet any of its specifications, or any other requirements, including but not limited to those specifications and other requirements that, if not met, may result in a risk of illness or injury; and

- Investigate any product complaint that involves a possible failure of a product to meet any of its specifications, or any other requirements of this part, including but not limited to those specifications and other requirements that, if not met, may result in a risk of illness or injury.

- The Head of Compliance is responsible for sending an initial 'Complaint Received' note to the person that made the complaint. Our Internal KPI for sending this note is within 24-hours of the complaint being received.

- The Head of Compliance will review and approve decisions about whether to investigate a product complaint and review and approve the findings and follow-up action of any investigation performed. This will be managed weekly in coordination with the General Manager for the Facility where the complaint was received.

- The review and investigation of the product complaint, and the review by the Head of Compliance about whether to investigate a product complaint, and the findings and follow-up action of any investigation performed, must extend to all related batches and relevant records. Related batches may include, but are not limited to, batches of the same product, other batches processed on the same equipment or during the same time period, or other batches produced using the same batches or lots of components or packaging components.

- A written record of the complaint, and where applicable, its investigation must be kept, including:

  - Identity of the product;

  - Batch, lot or other control number of the product;

  - Date the complaint was received and the name, address, or telephone number of the complainant, if available;

  - Nature of the complaint including, if known, how the product was used;

  - Names of personnel who do the following:

    (i) Review and approve the decision about whether to investigate a product complaint;

    (ii) Investigate the complaint, and

    (iii) Review and approve the findings and follow-up action of any investigation performed.

  - Findings of the investigation and follow-up action taken when an investigation is performed; and a Response to the complainant, if

applicable, which should be sent no later than 72-hours after the complaint was received.

- The procedure for a product complaint that includes a report of an adverse event (an adverse event is a health-related event associated with use of a product that is undesirable, and that is unexpected or unusual), includes the following:
    - Reporting to any public health authority;
    - Reporting to the physician of record for the individual reported to have experienced the adverse event, if known; and
    - Product recall.

Returned Products

- Manufacturing, packaging, and/or labeling operations must establish written procedures describing the receipt, handling, and disposition of returned cannabis or cannabis-derived products.
- Returned products must be identified as such and be quarantined upon receipt.
- Returned product must be reviewed and approved or rejected by quality control personnel.
- If the conditions under which returned product has been held, stored, or shipped before or during its return, or if the condition of the product, its containers, or labeling, as a result of storage or shipping, casts doubt on the identity, purity, strength, composition, or freedom from contamination or adulteration of the product, the returned product will be rejected unless examination, testing, or other investigations prove the product meets appropriate standards of identity, purity, strength, and composition and its freedom from contamination or adulteration.
- If the reason a product is returned implicates associated batches, an appropriate investigation must be conducted and must extend to all related batches and relevant records. Related batches may include, but are not limited to, batches of the same product, other batches processed on the same equipment or during the same time period, or other batches produced using the same components or packaging components. (f) Rejected returned product returned to the manufacturing, packaging, labeling, and holding operation must be destroyed as per section 7.3(c).
- A written record must be kept of the return, and where applicable its investigation, including:
    - Identity of the product;
    - Batch, lot or other control number of the product;

- Date the returned product was received;
- Name and address from which it was returned, and the means by which it was returned;
- Reason for the return;
- Results of any tests or examinations conducted on the returned product, or on related batches, if any;
- Findings of the investigation and follow-up action taken when an investigation is performed;
- Any reprocessing performed on the returned product;
- The ultimate disposition of the returned product, and the date of disposition; and
- Names of the quality control personnel who do the following:
  - (i) Review the reason for the product return;
  - (ii) Review and approve any reprocessing, as applicable, and
  - (iii) Review and approve the findings and follow-up action of any investigation performed.

Recall Procedures

- Element 7 will establish and implement written procedures for recalling cannabis products manufactured at the facility that are determined to be misbranded or adulterated. These procedures will include:
  - Factors which necessitate a recall;
  - Personnel responsible for implementing the recall procedures; and
  - Notification protocols, including:
    - (i) A mechanism to notify all customers that have, or could have, obtained the product, including communication and outreach via media, as necessary and appropriate;
    - (ii) A mechanism to notify any licensees that supplied or received the recalled product; and
    - (iii) Instructions to the general public and/or other licensees for the return and/or destruction of recalled product.
  - Procedures for the collection and destruction of any recalled product. Such procedures will meet the following requirements:

(i) All recalled products that are intended to be destroyed will be quarantined for a minimum of 72 hours. The licensee will affix to the recalled products any bills of lading, shipping manifests, or other similar documents with product information and weight. The product held in quarantine will be subject to auditing by the Department.

(ii) Following the quarantine period, the licensee will render the recalled cannabis product unusable and unrecognizable and will do so on video surveillance. A recalled cannabis product that has been rendered unusable and unrecognizable is considered cannabis waste and shall be disposed of.

(iii) Element 7 shall dispose of chemical, dangerous, or hazardous waste in a manner consistent with federal, state, and local laws. This requirement shall include but is not limited to recalled products containing or consisting of pesticide or other agricultural chemicals, solvents or other chemicals used in the production of manufactured cannabis batches, and cannabis soaked in a flammable solvent for the purpose of producing manufactured cannabis batches.

(iv) Element shall not dispose of recalled cannabis product in an unsecured area or waste receptacle that is not in the possession and/or control of Element 7.

In addition to the tracking requirements, Element 7 shall use the track-and-trace database and on-site documentation to ensure that recalled cannabis products intended for destruction are identified, weighed, and tracked while on the licensed premises and when disposed of. For recalled cannabis products, Element 7 shall enter the following details into the track and trace database: the weight of the product, reason for destruction, and the date the quarantine period will begin. Lastly, Element 7 shall notify the Department of any recall within 24 hours of initiating the recall.

POLICY NAME	**COMPLIANCE MANAGEMENT**
APPLICABLE LAW	An Element 7 Internal Policy.
POLICY OBJECTIVE	To ensure all requirements for our operation in the City of Marina are implemented properly and are in alignment with the City's requirements.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Managing Compliance with Local and State Laws**

Managing Compliance with Local and State Laws

The General Manager is the head of the business and all commitments thereunder including ensuring that all commitments to the City and State are being met. Element 7 will ensure that all obligations, taxes, fees and other operational procedures are in place.

Specifically, the General Manager will also ensure the following compliance measures take place:

- Providing all necessary information and reports to local and state regulatory agencies;
- Monitoring reports from the inventory control system;
- Tracking any discrepancies between known or expected values, counts, weights or other information back to the source of the error;
- Providing input and implementing changes to protocols to correct errors, and/or other deficiencies in the Facility operations;
- Monitoring shipping manifests, inventory levels, inventory weight amounts, and other seed to sale tracking information;
- Interfacing with Security;
- Engaging local counsel when necessary; and
- Any other responsibilities required by management.

POLICY NAME	**PERMIT DISPLAY POLICY**
APPLICABLE LAW	Pursuant to the California Code of Regulations §5039 and the City of Marina Municipal Code, Element 7 management will comply with both local and state regulations pertaining to the display of permits and department licenses.
POLICY OBJECTIVE	To ensure that all local and state permits and licenses are properly displayed at the facility, in a manner requested by both licensing authorities.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Permit Display**

Permit Display

The original copy of any Cannabis Business Permit issued by the City pursuant to the City of Marina Cannabis Ordinance, will be posted adjacent to the Lobby Entrance located at the Facility.

Element 7 understands that Permits will be required to renew every 12 months with both the City of Marina and State of California.

Filings will be placed at least 60 days before the existing Permit expires.

All applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such commercial cannabis business intends to establish and to operate will be obtained by Element 7 prior to any operations commencing.

POLICY NAME	**NOISE REDUCTION POLICY**
APPLICABLE LAW	Pursuant to the Business and Professions Code §5808 (c)(2) and Element 7 Internal Policies.
POLICY OBJECTIVE	To create a peaceful and enjoyable environment around the Element 7 facility. Element 7 management and staff will be good stewards and neighbors in the Marina community.
ELEMENT 7 CORE VALUE	*'Make Compliance an Advantage'*
SOP PROCEDURES	**Noise Reduction**

Noise Reduction Policy

Element 7 has made plans to address concerns about noise emanating from its facility. Element 7 will favor equipment that makes minimal noise in its facility and will utilize other sound-dampening technologies.

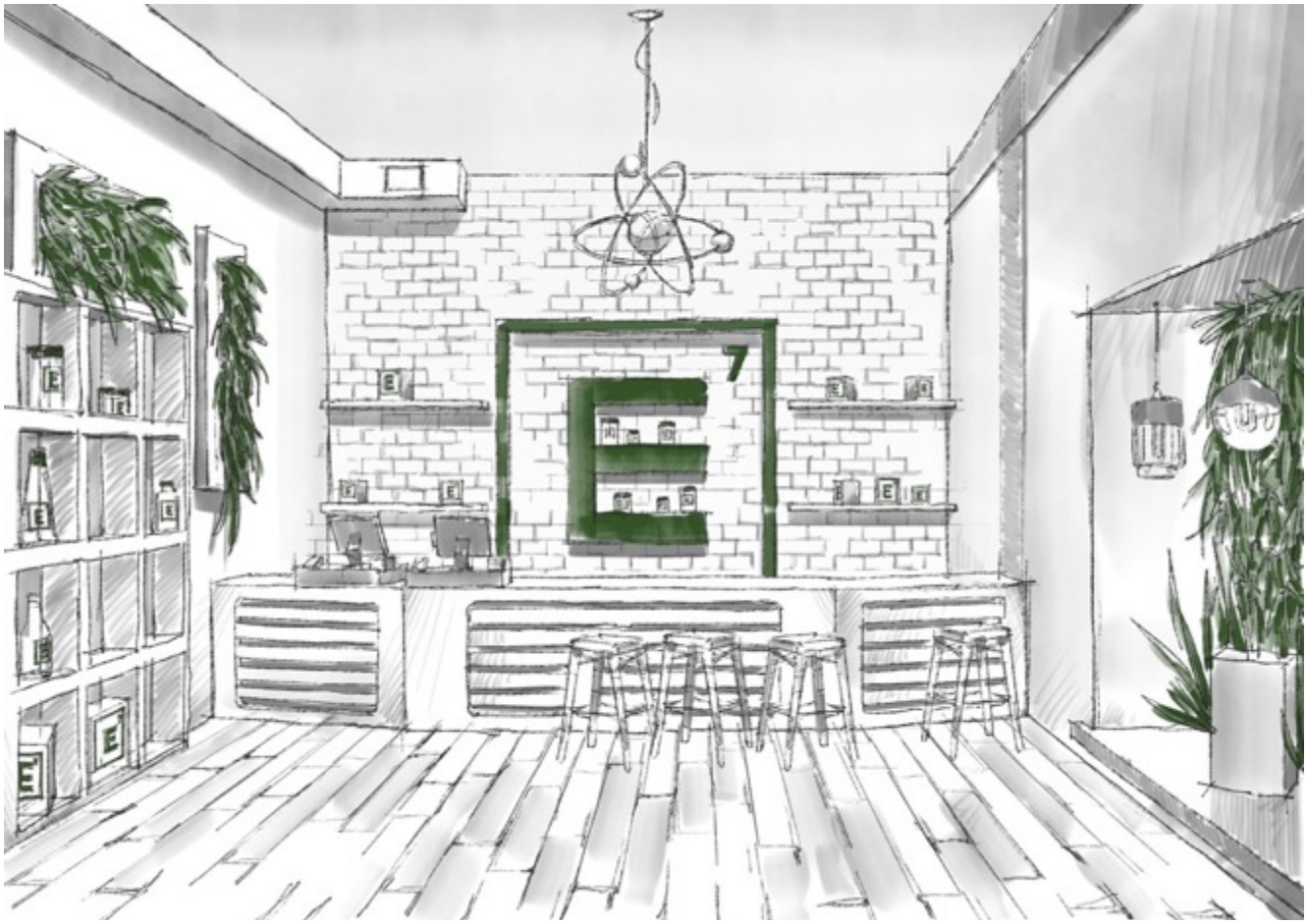
Many of the security features Element 7 will use in the facility (such as reinforced doors, windows, and walls) have the added bonus of being sound-dampening as well.

Element 7 will design the facility so that any loud equipment in continuous use (such as the air-filtration system) is located inside the building, on the roof, or properly sound-proofed in order to minimize any disturbance it may cause neighbors.

Element 7's store hours will also serve to minimize the noise caused by customer traffic, and all public events held by the company will take place, with city permission, inside its facility during their normal business hours.

Element 7 will update all noise reduction practices to maintain compliance with the law and address any further concerns expressed by the public.

DISPENSARY OPERATING PLAN

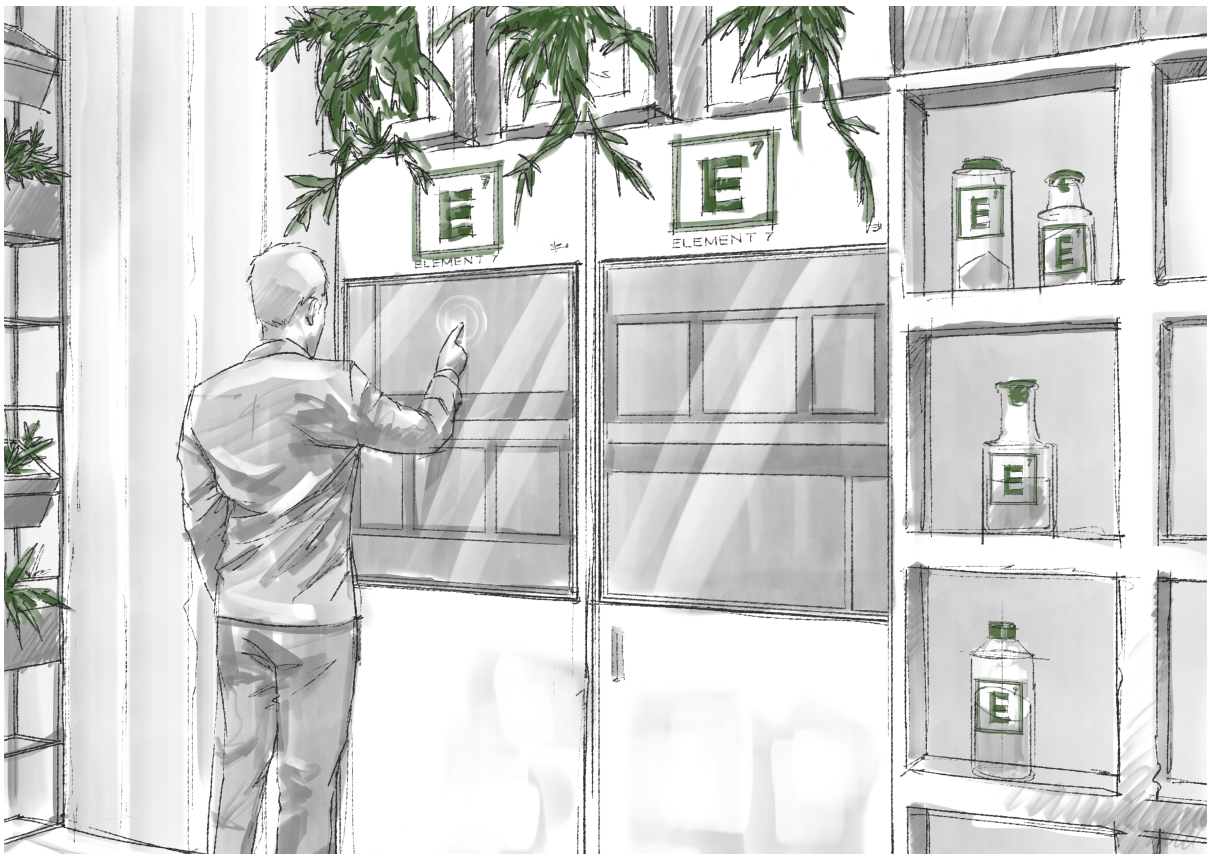


Introduction

Element 7 is holistic wellness. Cannabis consumers are looking for a more holistic healing, health, and wellness brand that focuses on the body, mind, soul, and spirit.

The Element 7 brand aims to provide quality at an affordable price, allowing customers an immersive retail experience in a secure, relaxed, enjoyable and aesthetically pleasing environment.

The focus of our dispensary is our **E7 Learning Zone** which is a 200 sq. ft. dedicated space focused on first-time customers. This is where they can engage with dedicated Element 7 staff that will walk these customers through their first purchasing experience using touch-screen technology and interactive learning videos that describe and demonstrate cannabis.



Our **Holistic Retreat** offers micro-treatments designed for busy working professionals who are time poor and who could truly benefit from any of our 20-minute therapies and mini-treatments infused with plant-based ingredients. These treatments will be delivered by qualified holistic wellness and therapeutic professionals and are quick and cost-effective.

Our **BudTenders** and **BudMasters** are among the highest trained and most skilled in the industry. Staff will undergo at least 80-hours of classroom-based training before working within our retail outlet - that's five times the industry average (BDS Analytics reports that most retail staff in the industry receive up to 16 hours of training). Our BudMasters have over 200 hours of classroom-based training behind them, and hundreds more working on our retail floor.

Element 7's **Flower Product Wall** is like none other that we have seen in dispensaries in North America. We have created an interactive wall of cannabis flower with products segmented into their types (sativa, indica, and hybrid) so that consumers can easily search for and purchase cannabis products based on the emotional need-state they are looking to satisfy - playfulness and euphoria with sativa strains; serenity, relaxation, and calming with indica strains; and, socialism and creativity with hybrid strains.

Floor Plan

As we design the build-out and floor plans for our retail outlets, we work towards a standardized layout so that security operations, retail experiences, learning initiatives, and customer flow can be seamlessly integrated into one space.

An example of a typical floor plan is attached below. Specific plans for the site and dispensary are attached within the relevant section of this submission.

The above Floor Plan demonstrates our thinking, securing inventory in one secured area with limited staff access that serves both the retail storefront and non-storefront (delivery) business, a secured vault in the office space with no immediate external walls, ADA-compliant restrooms, separate entrances for staff and customers, a dedicated E7 Learning Zone, Holistic Wellness Spa, Personal Shopping Nook, secured lobby and a security HQ.

Dispensary Operations

All customers will require a State ID to enter the Facility, and must be 21 years of age or over. Once inside, new customers will be required to register with the Facility and be offered the opportunity to join our Mailing List for further information and news. They will also be educated through the sign-up process on the potency and effects of cannabis.

[redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

The Dispensary Manager will coordinate cash management services, [redacted]

- [redacted]
- [redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

[redacted]

the customer to enjoy the space, while at the same time constantly noticing our placement of products.

Parking Management

Customer off-site parking will be minimized by developing on-site parking for up to 20 vehicles. In addition, the site has excellent proximity to public transport (buses and trains) and freeways.

Site Management Plan

Streetscape and Minors

The exterior architecture of the premises will be designed in such a way so that the premises first of all fit naturally within the broader streetscape of the neighborhood and has a minimum seventy-five percent (75%) transparency along the façade in accordance with the City of Marina Municipal Code.

We are absolutely mindful that minors and children live in the neighborhood and will responsibly ensure that we don't have any visible cannabis branding or products that could be seen from the exterior of the building pursuant to the Marina Municipal Code.

Summary

Element 7 isn't just a retail cannabis outlet. Our vision is to create an interactive learning hub that allows first-time users, new cannabis consumers, and connoisseurs with a welcoming experience where they can learn, engage and shop within an inviting and open environment.

Analyzing the data and understanding that customers look to retail staff more than any other outlet or channel for product recommendations, we will ensure that our front-line BudTenders are the most trained staff in industry. Our design, customer experience, staffing and overall holistic wellness positioning all work together to seamlessly ensure that Element 7 will deliver a retail experience like no other.

NON-STOREFRONT RETAIL (DELIVERY) LICENSE OPERATIONS PLAN

Introduction

Element 7 delivers on-demand cannabis products to customer's homes in Cities and Towns across California. This aspect of our business is one of our fastest growing verticals driven by recent licensing wins we have secured in the Bay Area, Central Valley and San Diego regions in California.

Powered by our experience gained from our existing cannabis operations footprint, logistics management experience, and technology partnerships with Ready Cart, BURPY and Baker Technologies, Element 7 is strategically positioned to become one of the leading on-demand cannabis delivery companies in the State known for fast and on-time delivery, great pricing, product selection, and customer service.

The non-storefront retail (delivery) aspect of the business will be managed by a dedicated Head of Delivery within Element 7 Marina, reporting to the General Manager of the local business.

The business management will be governed by a series of Standard Operating Procedures developed and implemented by Element 7, including:

- Type 9 Non-Storefront Retail (Delivery) Operations Policy
- Cannabis Track and Trace Policy
- Inventory Control Policy
- Records Management Policy

Standard Operating Procedures

POLICY NAME	**TYPE 9 LICENSE NON-STOREFRONT RETAIL (DELIVERY) OPERATIONS POLICY**
APPLICABLE LAW	Pursuant to the Business and Professions Code section 26001(p), California Code of Regulations §5414-5421; §5048-5051 Element 7 officers, management, and staff will adhere to both local and state laws and regulations as it relates to running a compliant non-storefront retail facility in the City of Marina.
POLICY OBJECTIVE	To create a successful and fully compliant non-storefront delivery operation which focuses on team member safety and training, the consistent delivery of high quality locally sourced products, consumer education, and community engagement.
ELEMENT 7 CORE VALUE	*'Excellence in Everything We Do'*
SOP PROCEDURES	**Management** - Staffing and Management **Ordering** - Customer Ordering Procedures - Online Ordering System - Technology Integration - Education Integration **Fulfillment** - Transportation Vehicle Requirements - Delivery Inventory Ledger - Order Fulfilment (Pre and Post Delivery) - Delivery Receipts - Communications - Route Planning **Control and Compliance** - Carriage of Business License - Delivery Employees - Online Age Verification

Management

Staffing and Management

Element 7 will employ a number of key individuals to operate the non-storefront retail (delivery) operations aspect of its cannabis business.

General Manager

The General Manager will be Element 7's day-to-day operations manager for the Facility. The General Manager will oversee all of the operations, hiring, training, evaluating, disciplining, and terminating, all employees. The General Manager shall be responsible for implementing and maintaining the seed-to-sale inventory tracking system (Data Management System) and for ensuring that all City and State commitments are being met, that the site is secure and safe and that the quality of product is the highest in terms of industry and LLC standards possible.

The General Manager is responsible for:

1. [redacted]

Shift Manager

At all times the delivery center is operational, there will be one Shift Manager on duty and physically at the Facility. Each shift will have a Shift Manager who will act as the supervisor of the facility for his/her given shift. They will report directly to the General Manager. When the General Manager is not on site, they will monitor all operations, inventory control and security, in their respective departments. The Shift Managers will record and report any activity they undertake to the General Manager. No administrative or regulatory action shall be taken by the Shift Manager without the prior approval of the General Manager.

The Shift Manager shall be a full-time officer or employee of the Facility and shall participate in all delivery operations management. They will be responsible for the following while on duty:

1. [redacted]

Head of Security

The Head of Security responsibilities include, but are not limited to:

1. [redacted]

Inventory Control Specialist

The Inventory Control Specialist main responsibility is to assure all the operations in the delivery Facility are fully compliant with California State law and regulations and that all inventory is fully accounted for at all points of the operations. These duties shall include, but are not limited to:

1. [redacted]

Dispatch Manager

The Dispatch Manager will work directly with the dispatch team to assist in coordinating daily work flow, and work independently on safety requirements for the delivery team; in addition to being responsible for properly deploying and monitoring the status and locations of the delivery drivers. The Dispatch Manager will also be responsible for the following:

1. [redacted]

Driver

Drivers will be responsible for transferring product from our non-storefront retail facility directly to patients, primary caregivers and customers throughout the city and collecting money in exchange for the cannabis goods from customers. Drivers will work with the Dispatch Manager to ensure timely delivery and full compliance with both local and state laws.

Driver responsibilities include, but are not limited to:

1. [redacted]

7. [redacted]

ORDERING PROCEDURES AND POLICIES

Customer Ordering Procedures

[redacted]

Online Ordering System

[redacted]

Technology Integration

We understand that as a licensed non-storefront retailer, we will not sell or otherwise transfer any cannabis goods to a customer through the use of an unlicensed third party, intermediary business, broker, or any other business or entity.

Element 7 will utilize [redacted] as a means to facilitate the sale and delivery of cannabis goods, in accordance with the following:

1. Element 7 will not allow for delivery of cannabis goods by the technology platform service provider.

2. Element 7 will not share in the profits of the sale of cannabis goods with the technology platform service provider, or otherwise provide for a percentage or portion of the cannabis goods sales to the technology platform service provider.

3. Element 7 will not advertise or market cannabis goods in conjunction with the technology platform service provider, outside of the technology platform, and will ensure that the technology platform service provider does not use Element 7' license number or legal business name on any advertisement or marketing that primarily promotes the services of the technology platform.

4. Element 7 will ensure the following information is provided to customers:

    (i) Any cannabis goods advertised or offered for sale on or through the technology platform will disclose, Element 7' legal business name and license number.

    (ii) Customers placing an order for cannabis goods through the technology platform will be able to easily identify Element 7 as the source of where the cannabis goods are being ordered or purchased from. This information will be available to the customer prior to the customer placing an order or purchasing the cannabis goods.

    (iii) All required sales invoices and receipts, including any receipts provided to the customer, will disclose Element 7' legal business name and license number.

    (iv) All other delivery, marketing, and advertising requirements will be complied with.

Ordering Procedures

1. Once a patients, primary caregiver or customer visits Element 7 online delivery portal, they will be asked if they are above the age of 21;

2. Patients, primary caregivers and customers can visit the Element 7 menu of products which will range from edibles to flower and other cannabis products;

3. After a selection has been made, selected items will be placed in a "Cart" and the patients, primary caregivers and customers can then proceed to checkout;

4. Once an order has been processed and filled at the delivery facility, the patients, primary caregivers and customers will receive an alert notification for an approximate delivery-time estimate; and

5. Element 7 Delivery employees will receive instant push notifications on all tablets and smartphones at the facility. Once a patient, primary caregiver or customer has placed an order, it will be immediately filled by an employee, packaged and ready for delivery within a 15 minute time frame.

Online Ordering System (Educational Component)

The Element 7 online ordering system educational component will allow its patients, primary caregivers and customers to learn about the potency, effects, THC and CBD content of cannabis or cannabis goods prior to purchasing, as well as providing patients, primary caregivers and customers with the tools to incorporate a "Holistic Wellness" approach to their everyday lives.

In futhering Element 7' "Holistic Wellness" initiative to educate patients/customers on the benefits of cannabis, Element 7 seeks to work with Tokr to create a customized app experience for Element 7 patients and customers. Tokr allows patients and customers to learn which cannabis based products can be used in their everyday life, and eases the anxiety or nervousness associated with not knowing how cannabis and cannabis related products may used daily.

Element 7's cannabis and cannabis products breakdown will equip patients, primary caregivers and customers with the knowledge and understanding of the benefits of a chosen cannabis strain or product. Having an educational component on Element 7 website informs patients, primary caregivers and customers how each strain of cannabis might affect them which can go a long way towards utilizing the plant's potential therapeutic benefits.

The website will provide thorough descriptions of each type of strain - Sativa, Indica, Hybrid and CBD.

In furthering Element 7's commitment to inform and empower the Marina community on cannabis education, it is also worth mentioning that accurately estimating cannabinoid effects must be treated with some subjectivity. Each patient/customer has an individual reaction to each type of cannabis strain and experimentation with different types of strains is essential for new patients and customers to achieve desired results.

Element 7 suggests patients, primary caregivers and customers keep a journal and record both body and head reactions to each strain, which will remove much of the guesswork from selecting the strains that work best for them. Our content management system will automatically send an email 12 hours after a patient, primary caregiver or customer has made a purchase which requires that product feedback following a "first time" purchase of a given product, and prior to the

patients and customers next purchase to ensure we are receiving as much feedback as possible.

FULFILLMENT PROCEDURES AND POLICIES

Transportation Vehicle Requirements

[redacted]

- [redacted], the delivery inventory ledger will include the following:
  - Type of good, the brand, the retail value;
  - The track and trace identifier, and the weight, volume or other accurate measure of the cannabis good.

- After each customer delivery, the delivery inventory ledger will be updated to reflect the current inventory in possession of Element 7' delivery driver.

[redacted]

[redacted]

[redacted]

- [redacted]
- [redacted].

Summary

Element 7's Delivery business and operations are a critical focus point for our overall business strategy. While cannabis is a highly experimental and discovery-led category in 2019, we know that moving ahead, cannabis will more closely mimic existing shopping and buyer behaviour practices of other consumer product verticals. Having a robust business plan and set of policies in place will be critical to our expansion efforts in this vertical over the next 3-5 years as we seek to become one of the leading and largest cannabis delivery companies in California.

MANUFACTURING OPERATING PLAN

Introduction

Element 7 manufactures a range of cannabis products and brands to meet the growing demand for these goods from patients and consumers in California. Manufactured extracts, edibles and topicals are the fastest growing categories in the industry and Element 7 produces a range of in-house cannabis brands to meet this demand.

Our cannabis brands include:

SLAY: A range of THC-infused cannabis creams, lotions and beauty products targeted at empowered, confident, and young female consumers.

Daily Cannabis Co: The Monday-to-Friday cannabis brand available in flower, pre-rolls and C02-produced concentrates.

Element 7: Holistic wellness infused cannabis creams, lotions, extracts and edibles from C02 extraction.

Powered by the experience gained from our existing cannabis operations footprint, logistics management experience, and technology and data partnerships with Ready Cart, BURPY and BRIGADE, Element 7 is strategically positioned to become one of the leading cannabis manufacturing companies in the State known for the quality of our products, the emotional need states we deliver against, and the strength of our brands and trademarks.

Management Plan and Staffing

The manufacturing aspect of the business will be managed by a dedicated Head of Manufacturing within Element 7 Marina, reporting to the General Manager of the local business. The Head of Manufacturing is supported by three groups of key staff employed at the Facility.

Head of Manufacturing

The Head of Manufacturing will oversee all lab operations, including the management of lab technicians. This role will be responsible for maintaining the organization, cleanliness, and efficiency of the production area. The Head of Manufacturing maintains quality control measures to ensure high quality product and carries out day-to-day tasks including prepping, extracting, and packaging. The Head of Manufacturing must monitor and maintain production facility in accordance with Element 7's Laboratory standards. The Head of Manufacturing will perform regular maintenance, cleaning, and repairs of all laboratory equipment including arranging any necessary equipment replacement(s). The Head of Manufacturing will also schedule and maintain testing for research and product safety, as well as state compliance for the state of California.

The core job responsibilities of the Head of Manufacturing include:

- Leading a team of Lab Technicians to ensure the lab is meeting all production goals.
- Planning and managing production schedules that effectively leverage capacity, labor and materials to meet volume, cost and quality goals.
- Developing, implementing, and holding the team accountable to relevant KPIs with a focus on continuous improvement by producing weekly production reports and attending company meetings.
- Studying and clarifying specifications, calculating requirements, assembling and weighing cannabis materials and supplies for lab processes.
- Performing all technical procedures adhering to the operation, technical, and quality control policies and guidelines.
- Creating and improving all SOPs to stay compliant with local and state regulations and maintaining accountability and inventory of all supplies, raw materials, finished products.
- Preparing equipment and crude oil for distillation.
- Performing both Short Path and Thin Film Fractional Distillation.
- Tracking post-processing temperatures and times to manipulate product as required.
- Tracking manufacturing metrics throughout the lab chain of custody including cannabis waste.
- Collecting and interpreting data to monitor and adjust daily operations for maximum output and quality.
- Creating proprietary blends for our products
- Blending for our customers according to set parameters
- Tracking consumables usage and maintain the laboratory inventory.
- Creating QC and R&D samples and oversee all COA product testing,
- Maintaining inventory records of supplies, materials, and temperatures of machinery along with troubleshooting, preventative maintenance and regular data logging for all lab equipment

- Regular cleaning and maintenance of lab equipment and facility to keep laboratory and all other working areas in pristine conditions.
- Maintaining material safety data sheets for all department chemicals and products.

Extraction Technicians

Extraction Technicians plan, schedule and operate the extraction equipment to continually produce and process high-quality cannabis extracts. Extraction Technicians are responsible for day-to-day operation of the extraction machine to produce and process sufficient high-quality product to meet sales demand.

The core job responsibilities of the Extraction Technicians include:

- Operate the Extraction equipment and instruments to produce CO2 and Ethanol extracted cannabis oil.
- Operates and monitors the instruments in the Extraction room such as RotoVap, vacuum flasks and pumps, hot plates, etc.
- Handles cannabis oil and solvents such as ethanol used in the production of cannabis oil along with compressed CO2 and other laboratory chemicals and materials as needed.
- Monitors the equipment and ensures that pressure and temperature gauges and are properly set.
- Record all data as required, including settings, yields, log books for inventory, etc.
- Clean and maintain equipment, instruments and the Extraction Room overall.
- Repair and replace parts on extraction equipment and instruments and rebuild as needed.
- Assist with the creation of batch production records and labels.
- Ensure proper handing, packaging, labeling and storage of all products, materials, supplies and equipment.
- Ensure consistency and efficacy of product through quality control testing and procedures.
- Weighing, packaging, labeling, and documentation of bulk cannabis product, as well as the tracking of batch numbers, lot numbers, and expiration dates.
- Utilize the company software platform to track the raw materials, finished oil, and batch processes within the system.

Operations Management

Day-to-day operations at the Facility will be governed by a series of Standard Operating Procedures developed and implemented by Element 7, including:

- Type-6 Manufacturing Operations Policy
- Cannabis Track and Trace Policy
- Inventory Control Policy
- Records Management Policy

Product Range

Element 7 will manufacture, and package finished cannabis products in the form of extracts / concentrates, edibles, tinctures and creams/ lotions. Our product range, branding, and pricing will largely be determined by analyzing industry data, consumer

trends, consumer need-state analysis and a range of other data and insights to create the optimal go-to-market product and packaging mix.

Manufactured products will either be produced and packaged as single extracts and concentrates, or, combined with holistically natural and organic ingredients to create a homogenized material with a consistent cannabinoid profiles and potency.

Concentrates and Extracts
Concentrates have a number of consumer benefits including potency, efficiency, faster relief and flavor profile. Concentrates are cannabis-derived extracts that contain concentrated amounts of the psychoactive compound tetrahydrocannabinol (THC) and a multiplicity of other cannabinoids and terpenes.

Today, there are two main methods of creating cannabis concentrates:

- **Solvent-Based Extraction**: In solvent-based extraction, chemical solvents such as butane, propane, carbon dioxide (CO2) and alcohol are used to separate resin glands containing the psychoactive compound THC from the cannabis flower.
- **Non-Solvent Extraction**: In non-solvent extractions, water, temperature and pressure are the predominant factors.

Element 7 will focus on both solvent extraction (C02) and non-solvent extraction (water and pressure).

CO2 Extraction will allow us to produce C02 Oil for pre-filled cartridges, vaporizers, and edibles.

Non-Solvent Extraction products we will produce include kief, bubble hash, dry sift, and rosin.

The C02 oil we produce will be further used for a range of secondary manufacturing finished products and goods including:

Edibles
Extraction Technicians will combine sustainably sourced, organic fruits, grains, sugars, nuts, seeds, chocolates, and other ingredients with cannabis oils to create a spectrum of palatable edibles under the Element 7 brand.

Topicals
Element 7 will produce finished cannabis products in the form of topical applications, including lotions, creams, salves, balms, and/or moisturizers.

Tinctures
Element 7 will manufacture tinctures in a variety of cannabinoid profiles and flavors available to enhance product diversity and therapeutic options for its customer base. Element 7 will also produce finished medical cannabis products in the form of semi-viscous liquid tinctures. Tinctures will be vegetable glycerin-based and may be applied by a glass and rubber self-contained liquid dropper. Tinctures will have consistent cannabinoid profiles. Processing Technicians will bottle tinctures in

accordance with industry best practices. Technicians will produce tinctures from medical cannabis oil that contains activated cannabinoids and add material to food-grade glycerin and other natural or organic sweeteners and/or flavors to enhance the palatability of the finished product. Agave nectar will be a desired sweetener for its low viscosity at room temperature.

Pre-Rolls and Joints
Pre-Rolls and joints will be made from a range of flower-grade products sourced from the market, using pre- roll machinery equipment that produces up to 2,000 pre-rolls an hour.

Manufacturing Standard Operating Procedures

POLICY NAME	**TYPE-6 LICENSE MANUFACTURING OPERATIONS POLICY**
APPLICABLE LAW	Pursuant to the California Code of Regulations Sections 40200-40258.
POLICY OBJECTIVE	To create a successful and fully compliant manufacturing operation which focuses on team member safety and training, the consistent delivery of high quality locally sourced products, consumer education, and community engagement.
ELEMENT 7 CORE VALUE	*'Excellence in Everything We Do'*
SOP PROCEDURES	**Manufacturing Methods** - Solvent Based Extraction: Supercritical C02 Extraction - Fractional Oil Distillate - Non-Solvent Extraction - Preferred Suppliers **Facility Design** - Water Management - Heating, Ventilation, Cooling and Air Filtration Systems - Plumbing Systems - Sanitary Conditions and Facilities - Facility Lighting - Pest Control - Equipment and Utensils **Manufacturing Protocols** - Controlling and Tracking Component Requirements - Batch Manufacturing Protocol - Process Monitoring and Controls During Manufacture - Quality Control - Cannabis-Derived Product Specifications - Product Discrepancies - Calculation of Yield **Fire and Safety Technical Report**

MANUFACTURING METHODS

Solvent Based Extraction: Supercritical CO2 Extraction

Element 7 will utilize supercritical CO2 extraction machinery that operates in a closed loop system. Although fairly new in cannabis concentrate processing, this technology is anything but new to the botanical extraction industry at large.

Supercritical fluid extraction (SFE) is the process of separating components from each other by use of a particular type of solvent. These types of solvents are labelled "supercritical" by virtue of the fact that when they are exposed to extreme temperatures and pressures, they display structures that fluctuate between intermediate states of solid, liquid, and gaseousness.

When in this state, supercritical fluids are capable of breaking down structures where they can then be separated, or fractioned. Among the variety of supercritical solvents used for this process, the most common by far is CO2.

During extraction, only a small percentage (<5% of amount used in a run) will be released upon opening the systems for removal of feedstock/products and cleaning. Extraction Technicians will clean extraction equipment using current good manufacturing process (CGMP) and purge equipment prior to introducing the extraction CO2 solvent into the system. Thus no additional contaminants can be introduced. Standard operating procedures for changing out CO2 tanks will ensure the systems remain pure and are introduced into the extraction environment exceeding the 99% purity specification.

Extractions Technicians will equip machinery with pressure and temperature monitors to facilitate safety and extract-quality standards. All vessels will be pressure-rated and inspected by a state-certified Professional Engineer (PE) to meet International Fire Codes (2009/2012) and National Fire Protection Association (NFPA) 55 for Compressed Gases and Cryogenic Fluids (2013).

CO2 extraction machinery will be designed to automatically cease production if temperature or pressure parameters are exceeded. Heating, ventilation, and air conditioning (HVAC) will immediately remove air near the ground during production to evacuate concentrations of gases more dense than ambient room air, i.e., LPG and/or CO2. Element 7 will deploy a supercritical CO2 extraction system, with a maximum operating pressure of 8,700psi. Extraction Technicians will operate the system at approximately 5,000psi.

The CO2 extraction system will utilize high-pressure 1/8 stainless steel tubing capable of operating up to pressures of 10,900psi. The tube fittings will be rated up to 60,000psi. The vessels will be composed of a martensitic precipitation-hardening stainless steel with operating temperatures up to 316°C.

Fractional Oil Distillate

The CO2 extraction units will have the ability to separate individual critical compounds from medical cannabis plant material through a process called fractionation. Fractional oil distillation differs from full-spectrum oil extraction methodologies because distillates typically are composed of only one critical compound and are free of lipids, waxes, and other ancillary components found within medical cannabis

resins. Element 7 will extract critical compounds using a distillation process that separates critical compounds based on molecular weight. The Extraction Manager will identify cannabinoids and terpenes with unique molecular weights and analyze them for their volume, purity, and therapeutic capacity. Milkman will separate fractionated compounds using a multi-chambered machine set to determined temperatures and pressures.

Vacuum-assisted molecular distillation techniques (short-path, spinning-band, wiped-film) will be employed to isolate cannabinoid fractions. Extract Technicians will charge cannabis extract into a low-pressure environment and heat the solution incrementally to boil off critical compounds of varying molecular weights. Technicians will then collect liquefied, therapeutic components of medical cannabis from collection vessels within the apparatuses and manufactured into specific medical cannabis products, including oil distillate in the raw form, pill capsules, drinkable liquids, vapor cartridges, and/or tinctures. Technicians will mix fractional distillates of therapeutic critical compounds to create solutions ideal for different qualifying conditions. Distillates are typically liquid at room temperature, though some terpenes become volatile, or evaporate, at lower temperatures, so Technicians will recommend the refrigeration of fractional distillates to patients.

Non-Solvent Extraction

Non-Solvent Extraction products we will produce include kief, bubble hash, dry sift, and rosin. Non-solvent extraction methods have been done for centuries, especially in areas of the world such as Pakistan, Morocco, Egypt, and Afghanistan.

Dry sifting is another non-solvent extraction method that entails using sieves of various sizes to sift the plant material and break the trichomes away from the plant material.

Kief is created via a non-solventless method by breaking away the white trichomes from the plant material by grinding the marijuana plant's resin glands.

Rosin is made by applying heat to the plant material to squeeze and extract the cannabinoid-rich oils.

Preferred Suppliers

More than a dozen U.S.-based manufacturers provide supercritical CO2 extractors within the cannabis industry and Element 7's team of industry experts will employ machinery that suits expected demand. Element 7 may select an extraction machine from one of the following companies:

- APEKS
- Supercritical Fluid Technologies
  Druk Engineering
- HighTech Extracts
- NuAxon Biosciences

Facility Design

Element 7 propose to construct a 2,000 sq. foot cannabis manufacturing plant to facilitate the processing of raw medical cannabis flower and trim into extracts, infused

products and finished manufactured goods. The following considerations have been taken into account when designing our Facility and proposing our plan:

- The facility will have adequate space for the orderly placement of equipment and materials to prevent mix-ups of components, packaging components, in-process materials, cannabis, or cannabis-derived products during manufacturing, packaging, labeling, or holding.

- The facility will be designed to reduce the potential for contamination of components, packaging components, cannabis, cannabis-derived products, or contact surfaces, with microorganisms, chemicals, filth, or other extraneous material. To ensure this, Element 7 will ensure that the design and construction includes:

    - Floors, walls, and ceilings that can be adequately cleaned and kept clean and in good repair;

    - Fixtures, ducts, and pipes that do not contaminate components, packaging components, in-process materials, cannabis or cannabis-derived products, or contact surfaces by dripping or other leakage, or condensate;

    - Aisles or working spaces between equipment and walls that are adequately unobstructed and of adequate width to permit all persons to perform their duties and to protect against contamination or contact surfaces with clothing or personal contact.

    - Safety-type light bulbs, fixtures, skylights, or other glass or glass-like materials must be used when the light bulbs, fixtures, skylights or other glass or glass-like materials are suspended.

- The facility will have separate or defined areas, or other control systems such as computerized inventory controls or automated systems of separation, to prevent cross-contamination and mix-ups of components:

    - Receipt, identification, storage, and withholding from use of quarantined components;

    - Storage of approved components, packaging components, cannabis, or cannabis-derived products;

    - Storage of rejected components and cannabis waste pending return to their supplier or destruction;

    - Storage of in-process materials pending normal further processing;

    - Storage of components pending reprocessing;

    - Manufacturing operations;

- Packaging and labeling operations;
- Separation of the manufacturing, packaging, labeling, and holding of different product types including different types of cannabis or cannabis-derived products and other products handled in the same physical facility; and
- Performance of laboratory analyses and storage of laboratory supplies and samples, as applicable.

- The Facility will have a number of rooms for manufacturing including an extraction room, distillation room, packing rooms, storage rooms, quality control lab, and processing room.

The facility will feature an odor control system and an internal building security system both discussed in more in this application.

Water Management

Water will be provided that is:

- Safe and sanitary, at suitable temperatures, and under pressure as needed, for all uses where water does not become a component of the cannabis derived product.
- Compliant with applicable state and local potable water requirements and with other requirements as necessary to ensure the water does not contaminate the cannabis-derived product.

Heating, Ventilation, Cooling and Air Filtration Systems

Systems will be installed and maintained in the Facility as needed to ensure the quality of the product.

- Ventilation equipment such as filters, fans, exhausts, dust collection, and other air-blowing equipment will be provided in areas where odors, dust, and vapors (including steam and noxious fumes) may contaminate components or contact surfaces.
- When fans, compressed air, or other air-blowing equipment are used, such equipment must be designed, located, and operated in a manner that minimizes the potential for microorganisms and particulate matter to contaminate components or contact surfaces.
- Equipment that controls temperature, humidity, and/or microorganisms must be provided, when such equipment is necessary to ensure the quality of the product.

Plumbing Systems

The plumbing in the facility will be of an adequate size and design and be adequately installed and maintained to:

- Carry sufficient amounts of water to required locations throughout the facility;
- Properly convey sewage and liquid disposable waste from the facility;

- Avoid being a source of contamination to components or any contact surface, or creating an unsanitary condition;

- Provide adequate floor drainage in all areas where floors are subject to flooding-type cleaning or where normal operations release or discharge water or other liquid waste on the floor;

- Not allow backflow from, or cross connection between, piping systems that discharge waste water or sewage and piping systems that carry water used for manufacturing cannabis-derived products, for cleaning contact surfaces, or for use in bathrooms or hand-washing facilities.

Sanitary Conditions and Facilities

Adequate and convenient hand-washing facilities will be provided that are:

- Provided with running water of suitable temperature;

- Provided with effective hand cleaning and/or sanitizing preparations and single use paper towels or other drying devices;

- Located at points in the facility where good sanitary practices require personnel to wash their hands;

- Prohibited from being used for activities that support production operations, such as cleaning of production equipment or utensils.

The grounds of the Facility will be kept in a condition that protects against the contamination of components, packaging components, in-process materials, cannabis, cannabis-derived products, or contact surfaces. The methods for adequate ground maintenance include:

- Properly storing equipment, removing litter and waste, and cutting weeds or grass within the immediate vicinity of the facility so that it does not attract pests, harbor pests, or provide pests a place for breeding;

- Maintaining roads, yards, and parking lots so that they do not constitute a source of contamination in areas where components, packaging components, in-process materials, cannabis, cannabis-derived products, or contact surfaces are exposed;

- Adequately draining areas that may contribute to the contamination of components, packaging components, in-process materials, cannabis or cannabis-derived products, or contact surfaces by seepage, filth or any other extraneous materials, or by providing a breeding place for pests;

- Adequately operating systems for waste treatment and disposal so that they do not constitute a source of contamination in areas where components, packaging components, in-process materials, cannabis or cannabis-derived products, or contact surfaces are exposed; and

- If the plant grounds are bordered by grounds not under the operation's control, and if those other grounds are not maintained in the manner

described in this section, care should be exercised in the plant by inspection, extermination, or other means to exclude pests, dirt, and filth or any other extraneous materials that may be a source of contamination.

- Cleaning compounds, sanitizing agents, pesticides, and other toxic materials will be appropriately stored, handled, and controlled.
    - Cleaning compounds and sanitizing agents must be free from microorganisms of public health significance and be safe and adequate under the conditions of use.
    - Toxic materials must not be used or held in the facility in which components, packaging components, in-process materials, cannabis, cannabis-derived products, or contact surfaces are manufactured or exposed, unless those materials are necessary as follows:
        (i) To maintain clean and sanitary conditions;
        (ii) For use in laboratory testing procedures, where applicable;
        (iii) For maintaining or operating the facility or equipment; or
        (iv) For use in the facility's operations.

Cleaning compounds, sanitizing agents, pesticides, pesticide chemicals, and other toxic materials must be identified, stored, and used in a manner that protects against contamination of components, packaging components, in-process materials, cannabis, cannabis-derived products, or contact surfaces.

Facility Lighting

Adequate lighting will be provided in:

- All areas where components, packaging components, in-process materials, cannabis, or cannabis-derived products are examined, manufactured, packaged, labeled, or held;
- All areas where contact surfaces are cleaned; and
- Hand-washing areas, dressing and locker rooms, and toilet facilities.

Pest Control

Adequate pest control will be provided.

- Animals or pests will not be allowed in any area of the facility, except that guard or guide dogs may be allowed in some areas of the facility if the presence of the dogs will not result in contamination of components, packaging components or contact surfaces;
- Effective measures will be taken to exclude pests from the facility and to protect against contamination of components and contact surfaces on the premises by pests; and

- Insecticides, fungicides, or rodenticides must not be used in or around the facility, unless they are registered with EPA and used in accordance with the label instructions, and effective precautions are taken to protect against the contamination of components or contact surfaces.

- Trash will be regularly conveyed, stored, and disposed in order to:
  - Minimize the development of odors;
  - Minimize the potential for the trash to attract, harbor, or become a breeding place for pests;
  - Protect against contamination of components, any contact surface, water supplies, and grounds surrounding the facility; and
  - Control hazardous waste to prevent contamination of components and contact surfaces.

- A schedule will be developed for sanitation that includes:
  - Responsibility for sanitation;
  - Detailed description of the cleaning schedules, methods, equipment, and materials to be used in cleaning the grounds and buildings; and
  - Records of cleaning and sanitation.

Equipment and Utensils

- Production operations must use equipment and utensils that are of appropriate design, construction, and workmanship.
  - Equipment and utensils will be suitable for their intended use;
  - Equipment and utensils will be able to be adequately cleaned and properly maintained; and
  - Use of equipment and utensils will not result in the contamination of components, packaging components.

- Each freezer, refrigerator, and other cold storage compartment used to hold components, in-process materials, or cannabis or cannabis-derived products:
  - Will be fitted with an indicating thermometer, temperature-measuring device, or temperature-recording device that indicates and records, or allows for recording by hand, the temperature accurately within the compartment; and
  - Will have an automated device for regulating temperature and/or an automated alarm system to indicate a significant temperature change.

- Instruments and controls used in manufacturing, packaging, holding, or testing components, packaging components, in-process materials, cannabis, and cannabis-derived products will be calibrated, inspected, or otherwise verified before first use and at routine intervals or as otherwise necessary to ensure the accuracy and precision of the instrument or control, and the resulting data must be periodically reviewed by quality control personnel. Instruments or controls that are past their calibration, inspection, or verification due date, or which cannot be adjusted to provide suitable accuracy and precision, will be removed from use until they are repaired or replaced.

Manufacturing Protocols

Each unique formulation of cannabis-derived product to be produced will have a standard manufacturing protocol. The manufacturing protocol will be developed by the Head of Manufacturing and include the following, as applicable:

- Identity of the product.

- For each formulation of product:
  (i) The nominal batch size;
  (ii) Identity of each component to be used in the batch;
  (iii) Weight or measure of each component to be used in the batch, including the unit of measure and a statement of any range or variation in the weight or measure;
  (iv) A statement of any intentional overage amount of a component; and
  (v) Name and amount of each ingredient that will be declared on the product's labeling.

- A statement of theoretical yield for each significant process step and at the end of manufacture, including the acceptable maximum and minimum percentages of theoretical yield.

- Written instructions or cross references to standard procedures for the following
  (i) The execution of each process step;
  (ii) Production process specifications;
  (iii) Monitoring of production process specifications;
  (iv) In-process material specifications;
  (v) In-process material sampling, testing, and/or examination;
  (vi) Cannabis-derived product sampling, testing, and/or examination; and
  (vii) Additional applicable procedures to be followed, if any.

- Manufacturing protocols will be written with the intent to provide not less than 100 percent of the labeled or specified amount of cannabis and any other ingredient for which a quantitative label claim is made, throughout the shelf life of the product.

- The production process described in the manufacturing protocol will ensure that cannabis-derived product specifications are consistently met.

Controlling and Tracking Component Requirements

- Element 7 manufacturing operations will have written procedures describing in sufficient detail the receipt, identification, storage, handling, sampling, review, and approval or rejection of components.

- Each container or grouping of containers for components will be identified with a distinctive code (i.e. lot or control number) for each lot in each shipment received, which allows the lot to be traced backward to the supplier, the date received, and the name of the component; and forward to the cannabis-derived product batches manufactured or distributed using the lot.

- Specifications for each component will be established as follows, to the extent they are necessary to ensure that manufactured batches of cannabis-derived product meet specifications.

    - An identity specification for the component must be established;

    - Specifications for the strength and composition of the component must be established as necessary to ensure the strength and composition of cannabis-derived products manufactured with the component;

    - Specifications for the purity of the component must be established as necessary to ensure the purity of cannabis-derived products manufactured with the component, including limits on those types of contamination that may adulterate or may lead to adulteration of cannabis-derived products manufactured with the component, such as filth, insect infestation, microbiological contamination, or other contaminants.

- Components must be received and stored pending approval as follows:

    - Upon receipt and before acceptance, each container or grouping of containers must be examined visually for appropriate labeling as to contents, container damage or broken seals, and contamination, to determine whether the container condition may have resulted in contamination or deterioration of the components.

    - The supplier's documentation for each shipment must be examined to ensure the components are consistent with what was ordered.

    - Components must be stored under quarantine until they have been sampled, reviewed, and approved or rejected by quality control personnel.

- Components must be approved or rejected as follows:

    - Each lot of components will be withheld from use until the lot has been sampled, reviewed, and released for use by the quality control personnel.

    - Compliance of the lot with established specifications will be ensured either through review of the supplier's certificate of analysis or other

documentation, or through appropriate tests and/or examinations. Any tests and examinations performed will be conducted using appropriate scientifically valid methods.

- Any lot of a component that meets its specifications may be approved and released for use for use by quality control personnel.

- Any lot of a component that does not meet its specifications must be rejected by quality control personnel.

Batch Manufacturing Protocol

- The manufacturing operation will prepare a manufacturing batch record for each batch of cannabis-derived product manufactured.

- The manufacturing batch record will:
  - Cross-reference or reproduce the appropriate manufacturing protocol; and
  - Form a complete record of the manufacturing and control of the batch.

- Each batch must be assigned a batch, lot, or control number which allows the complete history of the production and distribution of the batch to be determined. This code must be used in recording the disposition of each batch.

- The manufacturing batch record will include, as applicable to the process:
  - Identity of the cannabis-derived product;
  - The batch, lot, or control number of the cannabis-derived product;
  - Batch size;
  - For each component used in production of the batch:
    (i) Identity of each component used in the batch;
    (ii) Batch, lot, or control number for each component used;
    (iii) Actual weight or measure of each batch or lot of component used in the batch, including the unit of measure;
  - Date(s) on which, and where applicable the time(s) at which, each step of the manufacturing process was performed;
  - Actual results obtained during monitoring of production process parameters;
  - Identity of processing lines and major equipment used in producing the batch;
  - Date and where applicable the time of the maintenance, cleaning, and/or sanitizing of the major equipment used in producing the batch, or a cross-reference to records, such as individual equipment logs, where this information is recorded;
  - If manufacture of the batch uses equipment or instruments requiring periodic calibration, inspection, or verification, the date and where applicable the time of the last calibration, inspection, or verification or the date on which such is next due; or a cross-reference to records, such as individual equipment logs, where this information is recorded;
  - A statement of the actual yield and a statement regarding whether the actual yield is within the acceptable range of the theoretical yield after each significant process step and at the end of manufacturing;

- Records of any cannabis waste generated during production of the batch;
- Records of any treatment, process adjustment, reprocessing, or other deviation that occurred during production of the batch;
- Records of the date, time where applicable, quantity, and person responsible for any sample removed during or after production;
- Actual results of any testing or examination of in-process material or cannabis-derived product, or a cross-reference to such results;
- Documentation that the cannabis-derived product meets its specifications for identity, purity, strength, and composition, in accordance with the requirements of the manufacturing protocol; and
- Identity of each person performing each process step in production of the batch.

- All data in the manufacturing batch record will be recorded at the time at which each action is performed.

- The completed manufacturing batch record for each batch will be reviewed and signed by quality control personnel to determine compliance with all applicable specifications and other requirements of the manufacturing protocol before a batch is approved.

Process Monitoring and Controls During Manufacture

- Process specifications are established for production process parameters at or during any point, step, or stage where control is necessary to ensure the quality of the batch of cannabis-derived product, and to detect any unanticipated occurrence that may result in contamination, adulteration, or a failure to meet specifications.

- The process parameters to be monitored may include, but are not limited to, the following as appropriate:
  - Time
  - Temperature;
  - Pressure; and
  - Speed.

- Production process parameters will be monitored at or during any point, step, or stage where process specifications have been established. Any deviation from the specified process parameters will be documented and justified, and the associated in-process material or product must be quarantined. The deviation must be reviewed and approved or rejected by quality control personnel. Such deviations will not be approved unless quality control personnel determine that the resulting cannabis-derived product will meet all specifications for identity, purity, strength, and composition and is not otherwise contaminated or adulterated.

- If a deviation is rejected, the resulting in-process or finished cannabis-derived product must be rejected and destroyed.

- Operations on one component, product, or batch must be physically, spatially, or temporally separated from operations on other components, products, or batches.

- All necessary precautions must be taken during the manufacture of a cannabis-derived product to prevent contamination of components and products.

Quality Control

The Head of Manufacturing and Compliance Manager will randomly select finished, packaged samples and test them for potency and the presence of microbial contaminants.

A representative sample of each batch or lot of component, cannabis, or cannabis-derived product will be collected by removing and compositing portions of material or units from throughout the containers in the batch or lot to be given to a licensed Distributor.

Cannabis-Derived Product Specifications

Manufacturing operations will establish specifications for the identity, purity, strength, and composition of each cannabis-derived product manufactured by the operation. Manufacturing operations which receive cannabis-derived product for further processing must establish specifications to provide sufficient assurance that the product received is adequately identified and is consistent with the purchase order.

For every batch or lot, or for a subset of cannabis-derived product batches or lots identified through sound statistical sampling plan, the operation will verify that the batch or lot meets product specifications for identity, purity, strength, and composition, to the extent that scientifically valid test methods exist for these specifications via a state-licensed testing laboratory.

Product Discrepancies

Any unexplained occurrence or discrepancy, and any failure of the cannabis-derived product to meet its specifications or requirements, must be documented and investigated. The investigation must extend to any related batches that may have been associated with the same specific failure, discrepancy, or problem; this may include, but is not limited to, batches of the same cannabis-derived product, other batches processed on the same equipment or during the same time period, and other batches produced using the same lots of components.

Calculation of Yield

Actual yields will be determined at the conclusion of each appropriate phase of manufacturing of the cannabis-derived product. Such calculations must either be performed by one person and independently verified by a second person, or, if the yield is calculated by automated equipment, be independently verified by one person.

If the percentage of theoretical yield at any process step or at the end of production falls outside the maximum or minimum percentage of theoretical yield allowed in the manufacturing protocol, quality control personnel must conduct an investigation of the batch and determine, to the extent possible, the source of the discrepancy. The

deviation must be documented, explained, and approved by quality control personnel.

Fire and Safety Technical Report

Element 7 will provide a fire and life safety technical report to the Fire Department, prepared by a licensed professional engineer, to evaluate the totality of the cannabis operation, including the certification of equipment. Said report will be approved by the Fire Department prior to Operation.

Summary

Element 7 will continue to leverage its access to data and customer insight to stay ahead of its competition and continue to meet consumer demand for innovation, new products, and better manufacturing methods to produce cleaner, better tasting, and functionally superior products.

We aim to be the most tested, taxed, trusted, controlled and compliant operator in the industry. With concentrates and extracts being the fastest growing products in the market, our manufacturing operations are critical to the overall growth and continued development of the Element 7 brand.

DISTRIBUTION OPERATIONS PLAN

Introduction

Element 7 have proposed operating an A-Type and M-Type State Distribution License at the Facility, which is required for picking up and transporting raw materials for our manufacturing operations and selling finished packaged products to other dispensaries in the State of California.

Element 7 will strictly adhere to all rules, requirements and regulations regarding shipment of adult-use and medical cannabis to licensed manufacturers, dispensaries and delivery (non-storefront retailers) within the State of California as they are created and modified by City and State legislators. No deviation from those rules will be tolerated or allowed. The Head of Security and the Head of Distribution will implement additional measures beyond the minimum City and State requirements.

Operating Procedures

Element 7 will comply with the following operating requirements:

- A cannabis distribution facility will only procure, sell, or transport cannabis or adult-use/medical cannabis products that are packaged and sealed in tamper-evident packaging that uses a unique identifier, such as a batch and lot number or barcode, to identify and track the cannabis or cannabis products.

- A cannabis distribution facility will maintain a database and provide a list of

the individuals and vehicles authorized to conduct transportation on behalf of the cannabis distribution facility to the City Manager or designee.

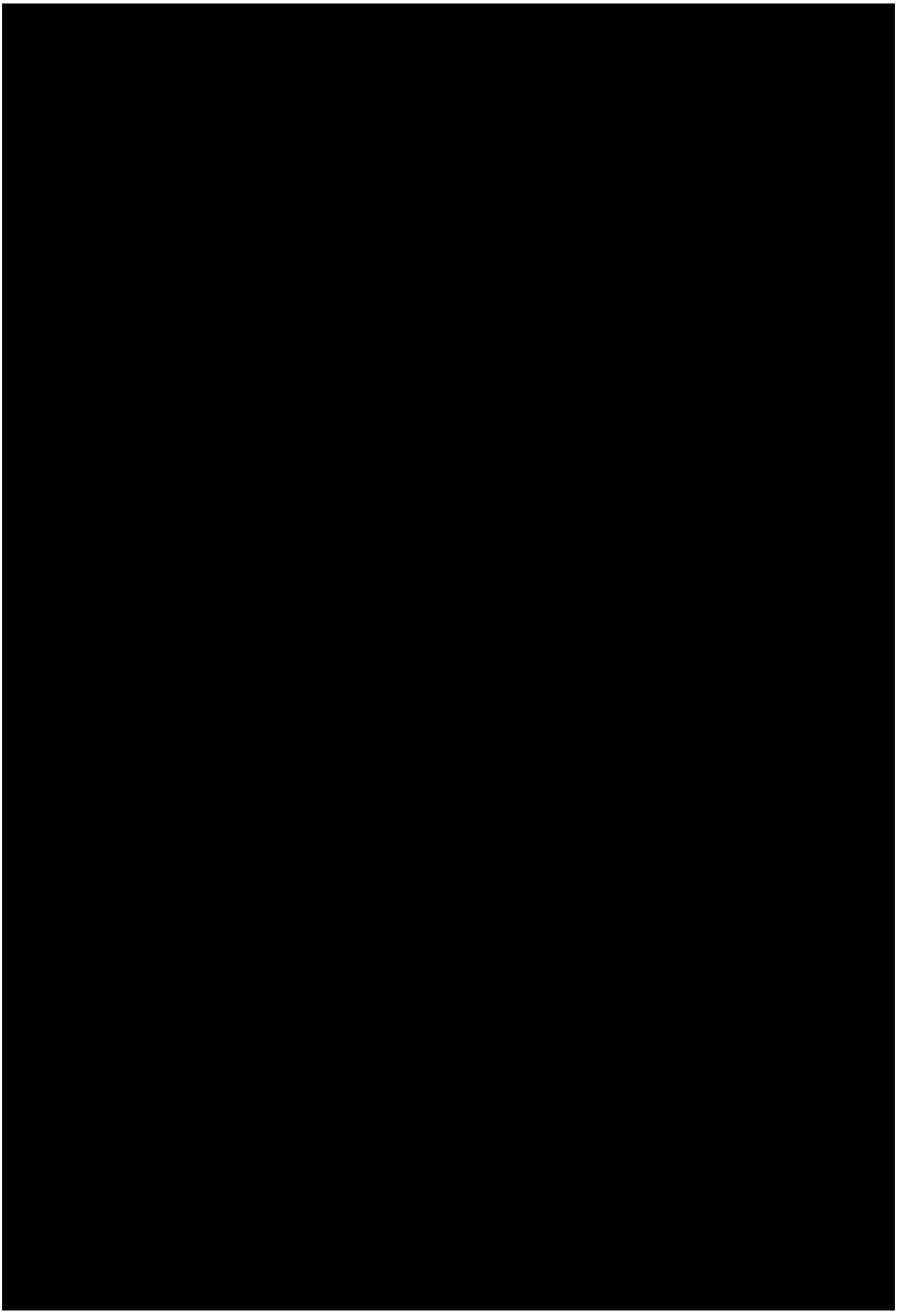
- Individuals authorized to conduct transportation on behalf of the cannabis distribution facility will have a valid California Driver's License.
- Individuals authorized to conduct transportation on behalf of the cannabis distribution facility will undergo a fingerprint-based criminal history records check conducted by the City Police Department and will not have been convicted of an offense listed in the Municipal Ordinance.
- Individuals transporting cannabis or cannabis products on behalf of the cannabis distribution facility will maintain a physical copy of the transportation request (and/or invoice) and will make it available upon request of agents or employees of the City requesting documentation.
- During transportation, the individual conducting transportation on behalf of the cannabis distribution facility will maintain a copy of the cannabis distribution facility's cannabis facility regulatory permit and will make it available upon request of agents or employees of the City requesting documentation.
- A cannabis distribution facility will only transport cannabis or cannabis products in a vehicle that is (a) insured at or above the legal requirement in California, (b) capable of securing (locking) the cannabis or cannabis products during transportation, and (c) capable of being temperature controlled if perishable cannabis or cannabis products are being transported.

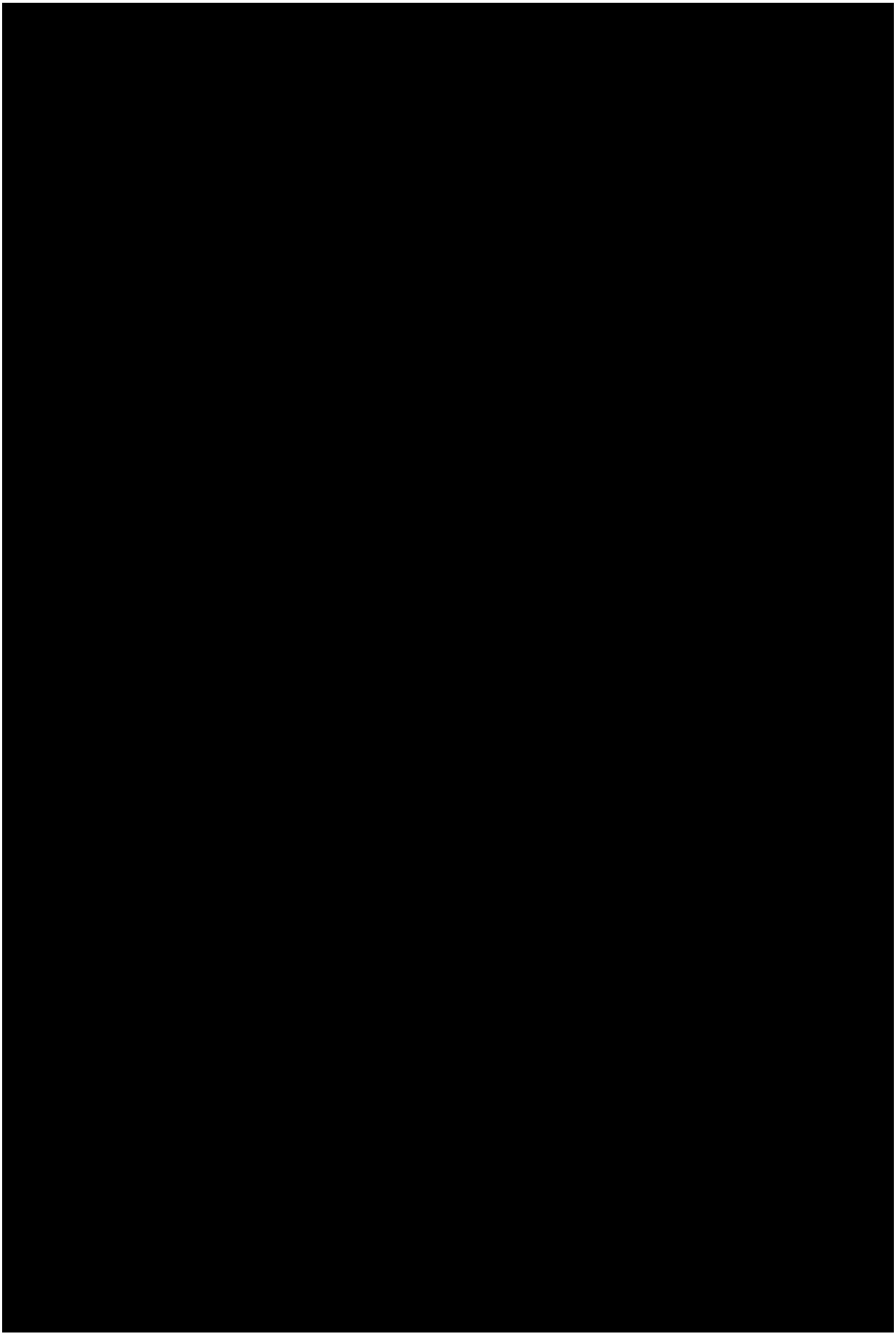
Transportation Procedures

[redacted]

geographic location of the delivery vehicle. A dedicated GPS device does

[redacted]





Summary

As our business footprint expands across the State of California, ensuring we have an effective distribution hub strategy across the State is essential. The underlying policies, practices, and procedures that govern how this business is compliantly controlled and managed is the foundation upon which we will realize this business growth and opportunity.

ADHERENCE TO STATE AND CITY POLICIES AND DIRECTIVES

This Document and all Standard Operating Procedures adopted by Element 7 Marina LLC will conform to the following pieces of legislation, policy and other directives:

- **MAUCRSA – Medical Cannabis Regulation and Safety Act (June 27, 2017):** This Act (also known as Senate Bill 94) creates the general framework for the regulation of commercial medicinal cannabis in California. Dr. An-Chi Tsou on our team is one of the principal policy makers on this document.

- **State of California Regulations (January 2019):** The Office of Administrative Law (OAL) officially approved state regulations for cannabis businesses across the supply chain**.** Drafted by the Bureau of Cannabis Control (BCC), these final regulations provide the formal law for the governance and management of cannabis operations in the State of California.

- **The City of Marina Municipal Code**

- **Any directives and issuances from California's three cannabis governing bodies - Bureau of Cannabis Control (BCC), Department of Food & Agriculture (CDFA) and California Department of Public Health, including:**

Bureau of Cannabis Control Guidance

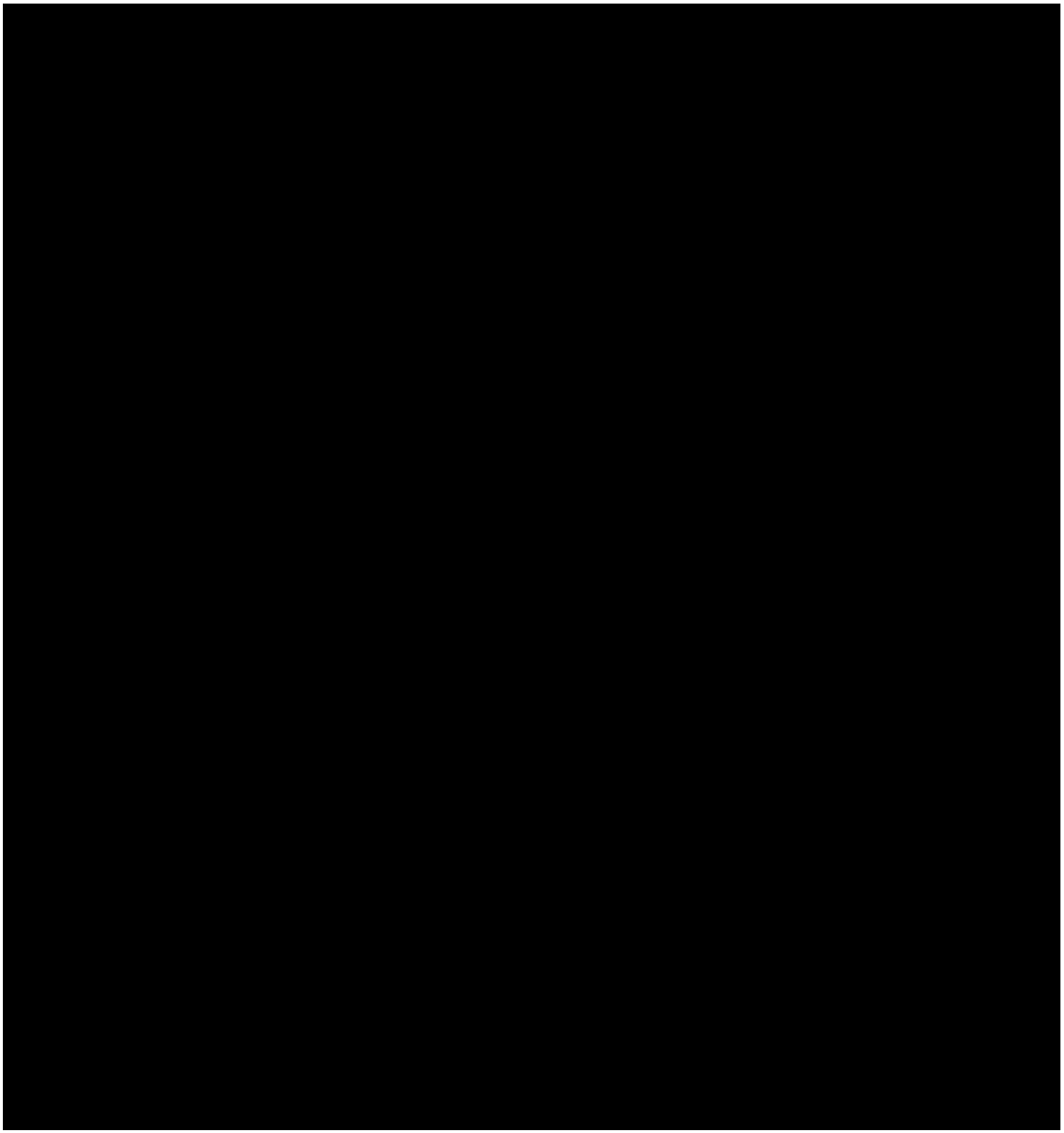
- BCC Disciplinary Guidelines
- Transportation Procedures (Form BCC-LIC-015)
- Non-Laboratory Quality Control Procedures (Form BCC-LIC-017)
- Security Procedures (Form BCC-LIC-018)
- Delivery Procedures (Form BCC-LIC-020)
- Sampling Procedures (Form BCC-LIC-021)
- Sampling Preparation Procedures (Form BCC-LIC-022)
- Data Package Cover Page and Checklist (Form BCC-LIC-024)
- CEQA Exemption Petition (Form BCC-LIC-025)
- CEQA Project-Specific Information (Form BCC-LIC-026)
- Bureau Notification and Request (Form BCC-LIC-027)
- Poison Prevention Packaging Act of 1970 Regulations (Revised July, 1995)

California Department of Food and Agriculture Proposed Regulation Documents

- Approved CDFA Regulations

California Department of Health Proposed Regulation Documents

- Approved CDPH Regulations



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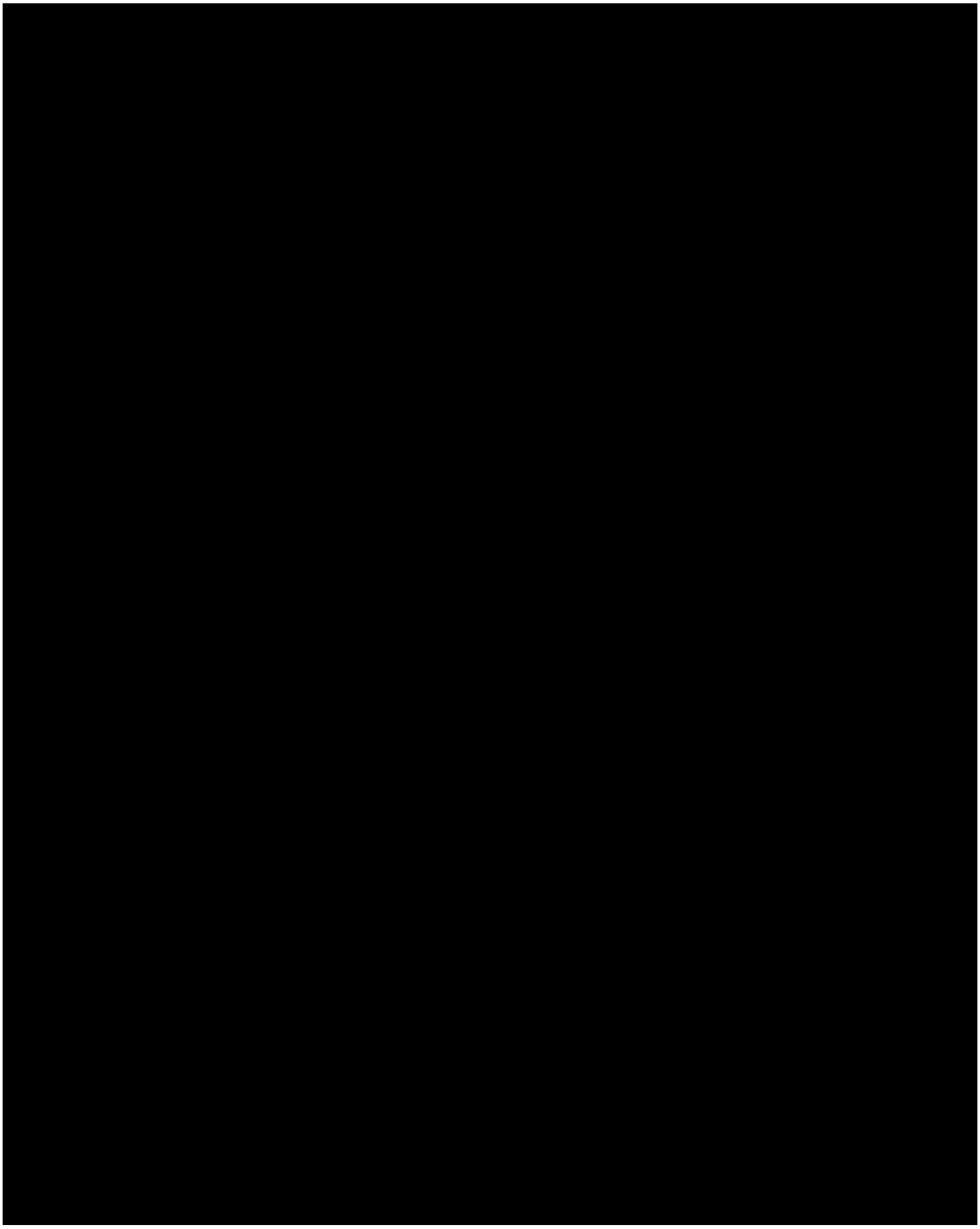

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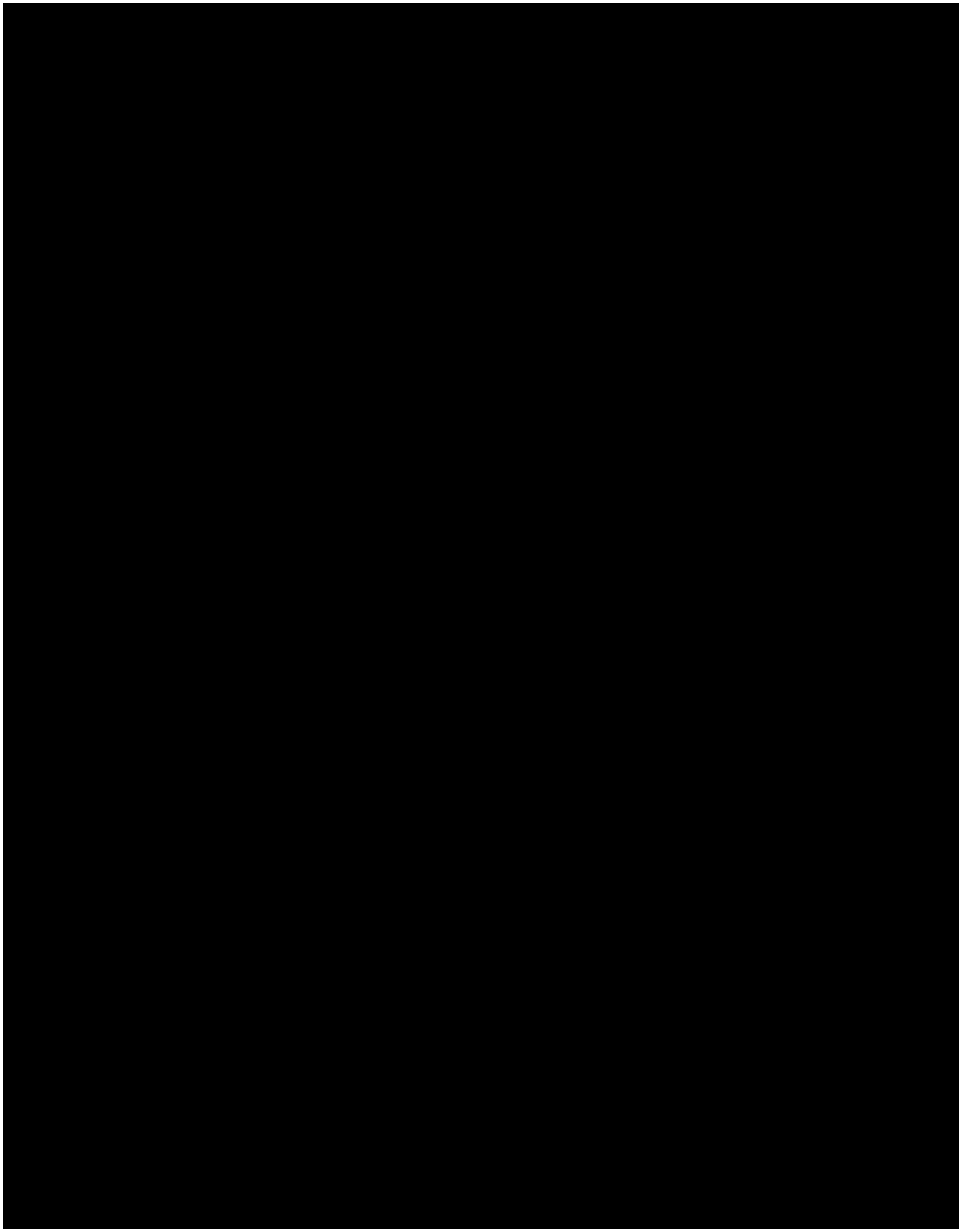

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SCHEDULE FOR BEGINNING OPERATIONS

The property at **234 Reservation Road** is fully built and requires no external building works (that we have identified but would be subject to City Planning Review and Approvals) prior to occupancy.

All works are internal and could be completed within a 8-10 week time frame, allowing for a quick occupancy within the premises.

This timeline is subject to Commercial Cannabis License approval in Marina and State License Issuance and is attached two pages forward from this narrative.

We have identified a number of local operators that would assist Element 7 in any internal construction works at the site. Our preference is to work with local suppliers and partners. The main works would be dry-wall, fit-outs for the various license operations, installation of security and fire suppression systems and measures.

CATEGORY	NAME OF COMPANY
General Contractor	**Stowe Contracting** 3338 Paul David Drive, Marina **ALS Construction and Renovation** 1976 Mendocino Street, Marina
Plumbing	**Marina Plumbing & Heating** 3340 Paul Davis Drive, Marina
Electricals	**Morson Electrical Services** 191 Paddon Place, Marina
Handyman	**Marina Handyman Services** 3033 Marina Drive, Marina
HVAC Specialist	**Della Mora Heating and Air Conditioning** 3332 Paul David Drive, Marina
Security Hardware and Services	**Peninsula Security** 3155 Crescent Avenue, Marina
Cabinetry	**Neff Mill and Cabinetry** 3334 Paul Davis Drive, Marina
Fire Systems	**True Fire Protection Services** Monterey, California

We have identified two large general contractors in Marina that have significant experience with medium-sized building projects. Both have large teams of contractors who can partner with cannabis experts on our team to ensure that all site works are fit for purpose and completed on schedule and within budget.

All of these suppliers and years of industry relationships will be leveraged to ensure that Element 7 can meet its construction timelines, producing an efficient build that helps us provide clean and compliant cannabis to our valued customers.

All building works will be conducted in full compliance and accordance with the Marina Municipal Code and any State or Bureau of Cannabis Control (BCC) Directives and/or Policy.

In addition, we have included our New Store Opening Checklist which shows key tasks that need to be, and would be, included in the final 8-weeks prior to Store Opening.

SCHEDULE OF OPERATIONS & BUILDING WORKS

SCHEDULE OF OPERATIONS		OCTOBER				NOVEMBER				DECEMBER				JANUARY				FEBRUARY				MARCH				APRIL			
ITEM	DETAILS	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
City Determines Winning Applicants	City Controls this Aspect of Timeline																												
Planning Works & Approvals	Internal Works Only																												
Application for State License	Bureau of Cannabis Control																												
Internal Building Works	Building Construction Works																												
Fire Suppression Systems	Installation																												
Alarm & Camera Systems Installs	Installation																												
External Security Works	Fencing, Cameras, Lighting																												
Internal Building Works	Equipment Installs, Doors, Offices, Lighting																												
Furnishing & Finishes	Final Furnishing Works																												
Track and Trace Intregration	FlowHub Integration																												
Recruit and Hire Key Staff	3rd Party Partner & Local Job Fairs																												
Signage Installations	Install all Signage Required for ADA Code																												
Staff Training	Integrated Training System																												
Inventory Management & Displays	Merchandising and Displays																												
Site Ready for Operations	Opening																												

ELEMENT 7

FINAL 8 WEEK CHECKLIST: NEW STORE OPENING

Estimated Date of Opening: APRIL 2020

Weeks Before Opening	Category	Activity	Responsible Person/Party	Target Completion Date
6	**Operations**	Initial Accessories product & supplies orders with Suppliers - determine quantities for training, mock shifts, pre-opening activities		
6	**Personnel**	Prepare All Employee HR Documents, Employee Handbook and have final draft reviewed by labor attorney		
6	**Personnel**	Employee policies - determine policy		
6	**Personnel**	Employee training manuals -Expand on Cheat Sheet, Diego Background, History, and Future, Accessories, Flower, Concentrates, POS, Sales training (suggestive selling, up selling, crm, cx/ux, marketing, seo), Compliance Checklists		
6	**Personnel**	Employee files - set up for employment application, status changes, other personnel records		
5	**Administration**	Insurance - verify with your agent that all policies are in force		
5	**Marketing**	Job Posts- NOW HIRING /COMING SOON		
5	**Marketing**	Public relations for opening - hire local PR firm - send out press releases to local media outlets		
5	**Operations**	Inventory report of all products on hand		
5	**Personnel**	Management team - start interviewing/selection process		
5	**Personnel**	Bud Tender's placement - Security arrangement - determine mix of floor and counter bud tenders - Security personnel plan interior and exterior		
5	**Personnel**	Employee recruiting - Indeed and Job Fairs - recruiting missions - plan for turnover, hire 20% more than you think you need		
5	**Product**	Cannabis - determine how many products and create a list with all information - decide what genetics, edibles, paraphernalia, acessories and merchandise to stock		
5	**Product**	Create a list of available suppliers and their information - create list of suppliers for Cannabis, Packaging, F&B (Where applicable) & supplies		
5	**Product**	Pricing - Determine final price points on all items		
5	**Product**	Inventory control - using master inventory list of all products to stock -set up POS		
5	**Product**	Set up all tracking compliance info in POS, assure all key personnel are trained		
4	**FF&E**	purchase equipment		

4	**Operations**	Finalize Staff Uniforms		
4	**Operations**	Hours of operation - determine for each day/employee meal period		
4	**Personnel**	Management training commences - personnel hiring, training & management - operations - administrative		
4	**Personnel**	Staff pay scales - determine starting pay scales for each position - determine employee review/raise policies		
3	**Administration**	Credit card merchant accounts - setup for MC/Visa, Amex, Discover, Others		
3	**Design/ Construction**	Exterior signage - primary, handicap, reserved, valet, hours of operation, delivery times - Company Sign Hung		
3	**Design/ Construction**	Supplier, contractor, sub-contractor contacts - create master phone & contact list with emergency numbers		
3	**Design/ Construction**	Cleaning crew - bid & select vendor for initial & final clean		
3	**FF&E**	Office equipment - copier, fax, computer, printer, calculators		
3	**FF&E**	Office furniture - desk, chairs, filing cabinet, shelving		
3	**FF&E**	Receiving scale		
3	**FF&E**	Restrooms - hand towel/dryer dispensers, soap dispensers, hand soap		
3	**FF&E**	Janitorial equipment - wet floor signs, mops, buckets, vacuum - trash cans, cordless dust pan		
3	**Marketing**	Printing - Exterior Signage Permit - Website and Social media - Banners, Printing, Fliers, Posters - stationary, envelopes, labels, business cards - invitations for opening parties		
3	**Ongoing Services**	Retail space cleaning - flooring, rest rooms		
3	**Ongoing Services**	Armored car service - select approved vendor		
3	**Operations**	Checklists - prepare opening, closing, shift change checklists for all stations		
3	**Operations**	Promotions - determine specials - check state/local laws regarding specials/discount programs		
3	**Operations**	Prep lists with pars - create prep lists with par levels		
3	**Operations**	Station setup sheets with pars - for all retail, medical, café, etc		

3	**Operations**	Approved vendor list - create Master Approved Vendor List - Building & HVAC repair vendors		
3	**Operations**	Initial Cannabis, Edibles and Concentrates product & supplies orders - determine quantities for training, mock shifts, pre-opening activities		
3	**Operations**	Backup Plans and Documents for issues that could arise (i.e. POS system not working)		
3	**Product**	Initial Product order - prepare & place initial order - request free samples from suppliers to test - have sufficient quantites for testing & training		
3	**Technology**	POS phone line - dedicated line for charge approvals - tie into DSL/cable line		
3	**Technology**	POS system install - start evaluation/demonstration process		
2	**Administration**	Payroll processing		
2	**Administration**	Petty cash - setup petty cash fund for cash payments - create petty cash reimbursement form		
2	**Administration**	Deposit procedures - armored car service or other		
2	**Design/ Construction**	Compressors & valves - label and check for accessibility		
2	**Design/ Construction**	Electrical labeling - label switches, breakers and check for accessibility		
2	**Design/ Construction**	Security and Alarm system - install & inspect		
2	**Design/ Construction**	Inspections - schedule for fire, health departments		
2	**Design/Constr.**	Walk-through with contractor - create initial punch list		
2	**Design/Constr.**	Building & equipment plans - retain full set of plans for operational files		
2	**FF&E**	Communications/phone system - phone lines for office, fax, retail space, etc - Security system, fire & burglar alarms - internet access, service provider		
2	**FF&E**	Interior signs restrooms, fire exit, hand wash, wait to be seated		
2	**FF&E**	Safe for office - determine type, bid & order		
2	**Ongoing services**	Music-(Music licensing)		
2	**Ongoing Services**	Chemicals and SDS Sheets - select approved vendor		
2	**Ongoing Services**	Setup Monthly accounting - use industry standard chart of accounts - outside accounting service		
2	**Ongoing Services**	Pest control - select approved vendor		

2	**Ongoing Services**	Trash disposal - select approved vendor		
2	**Ongoing Services**	Window washing - do in-house or outsource - select approved vendor		
2	**Ongoing Services**	Insurance agent - building, general liability, liquor liability, workman's comp, group medical		
2	**Ongoing Services**	Laundry & linen - select approved vendor		
2	**Operations**	Emergency exit procedures - determine procedures, post maps - discuss in safety meetings with staff		
2	**Operations**	Bulletin board - for employee schedule, mandadory postings - choking poster - emergency hospital & doctor numbers & instructions		
2	**Operations**	Cleaning & maintenance schedules - set up schedules & procedures - Cleaning Checklists		
2	**Operations**	Emergency numbers - map, directions to hospital - make arrangements with local doctor, clinic		
2	**Operations**	Floor maintenance - get ongoing floor maintenance procedures - purchase cleaning / polishing supplies		
2	**Personnel**	Food safety training - access food safety training materials		
2	**Personnel**	Staff Orientation and Begin staff training		
2	**Smallwares/ Supplies**	First aid kit - emergency burn kit		
2	**Smallwares/ Supplies**	Check presentation clipboards		
2	**Technology**	Computer software - Microsoft office, scheduling, cannabis and retail item management		
2	**Technology**	Phone on hold message - select service provider - message/music		
2	**Technology**	Internet service provider - DSL or cable		
2	**Technology**	POS - set up installation & training		
1	**Administration**	Bank supplies - deposit stamp & pad, deposit bags, deposit slips		
1	**Administration**	Accounting/bookkeeping system - have CPA review sales, deposit, payroll and accounts payable system		
1	**Administration**	Permits, licenses, inspections, approvals - verify that licenses, etc. have been secured		
1	**Administration**	Initial change order - get change & small bills from bank		

1	**Administration**	POS/merchant accounts - test credit card approval/processing		
1	**Administration**	Receive certificate of occupancy		
1	**Design/ Construction**	Exterior signage light timer - set light timer		
1	**Design/ Construction**	Exterior cleanup - parking lot, landscaping, building, windows		
1	**Design/ Construction**	Final clean - interior & exterior of building		
1	**Design/ Construction**	Wash windows		
1	**Design/ Construction**	Beverage service - set up installation of coffee and tea equipment		
1	**Design/ Construction**	Update construction punch list		
1	**Design/ Construction**	Fire extinguishers - install with visible operating instructions		
1	**Design/Constr.**	Continue construction punch list		
1	**FF&E**	Storage shelves - clean, organize & label		
1	**FF&E**	Receive furniture - tables, chairs, desk tops, display cases, other		
1	**FF&E**	Emergency equipment procedures - determine emergency shut-off steps - label equipment		
1	**FF&E**	Equipment tests - test each piece with supplier prior to training		
1	**FF&E**	Tools/toolkit - purchase & designate location store		
1	**FF&E**	R&M binder for all equipment - prepare repair & maintenance binder for operating instructions, manuals - mail in warranty cards		
1	**FF&E**	Test all equipment		
1	**FF&E**	Complete equipment warranty cards		
1	**FF&E**	Final clean all equipment		
1	**Marketing**	Opening parties - work with training team to set up - press event, VIPs, contractors & suppliers - create guest lists, send invitations		
1	**Operations**	Order & delivery schedule - prepare weekly schedule with each vendor's order & deliver dates		
1	**Operations**	Deposit bags - obtain from bank		
1	**Operations**	Change order - prepare initial change order; change & small bills		
1	**Operations**	Check inventory levels - on all cannabis, retail items, packaging, food, beverage, paper & supplies - prepare orders for opening week		

1	**Operations**	Opening inventory - take full physical inventory on all products pre-opening - necessary to calculate accurate costs after opening		
1	**Personnel**	OSHA - review OSHA standards with managers		
1	**Personnel**	Safety checklist & audit - create safety checklist & perform safety audit - Safety Checklist		
1	**Personnel**	Safety & first aid training - conduct training program for all employees		
1	**Personnel**	Conduct practice runs/mock service - full dress with uniforms		
1	**Smallwares/ Supplies**	Initial chemicals order - degreasers, drain treatment - disinfectants, sanitizers - floor care solutions - handcare - cleaners for dishroom/restroom/dining room		
1	**Smallwares/ Supplies**	Janitorial supplies - carpet, tile, floor cleaner, spot remover - gum solvent, liquid hand soap, paper towels, toilet paper		
0	**Launch**	Soft Opening/Grand Opening		

BUDGET FOR CONSTRUCTION AND IMPROVEMENTS

The building at 234 Reservation Road was constructed in 2000 and is in excellent condition. Externally, Element 7 does not envision any major works. We would clean the site industrially prior to any tenancy and install signage of a size and limit approved by the Marina Ordinance and Code.

Capital works are estimated at **$1,385,000** which includes a $100,000 budget for contingencies. An additional budget has been included on the following page for operational costs, maintenance, and employee compensation.

Internal works are budgeted at $100.00 per sq.foot with additional funding allocated and provided for specialist equipment, fire suppression systems, security hardware and the dispensary furnishings and fixtures.

We believe we have allocated sufficient capital for such works to be completed.

All building works will be conducted in full compliance and accordance with the Marina Municipal Code and any State or Bureau of Cannabis Control (BCC) Directives and/or Policy.

CAPEX BUDGET: ELEMENT 7 MARINA			
Construction & Fitout Costs	**Units Required**	**Cost / Unit**	**Total Cost**
Internal Works Costs: 5,000 square feet (Walls, Floors, Lighting, Plumbing etc)	5,000	$100.00	$500,000.00
Dispensary: Cabinetry, Displays, Electrics and Furniture and Fixtures	1	$150,000.00	$150,000.00
Fire Management Systems	1	$30,000.00	$30,000.00
Design Works and Project Management	1	$35,000.00	$35,000.00
Workers Compensation Insurance	1	$20,000.00	$20,000.00
Security Doors and Biometric Scanners	1	$25,000.00	$25,000.00
Security Measures for State Compliance (Alarm, Cameras, Motion Detection, Visitor Mgmt, Data Storage)	1	$50,000.00	$50,000.00
Walk-In Vault & Cold Storage	1	$20,000.00	$20,000.00
DVR (Security Camera System)	1	$30,000.00	$30,000.00
Battery Backup and Generator for Cameras & Storage	1	$25,000.00	$25,000.00
Manufacturing License - Equipment and Racking	1	$250,000.00	$250,000.00
Distribution License - Equipment and Racking	1	$150,000.00	$150,000.00
Sub-Total Cost	**1**		**$1,285,000.00**
Contingency		$100,000.00	$100,000.00
TOTAL CAPEX			**$1,385,000.00**

BUDGET FOR OPERATIONS, MAINTENANCE, COMPENSATION, EQUIPMENT COSTS, UTILITY COSTS, AND OTHER OPERATIONS COSTS

Start-Up Budget

Element 7 has budgeted for capital works, starting inventory, and operating capital of up to **USD$3.3 Million to start and launch Element 7 in Marina**. This budget covers all construction costs, fit-out costs, external works, design and project management, security measures, POS Systems implementation, and branding required to open and operate the retail store through to positive cash flows. It also includes $200,000 of funds for starting inventory and $500,000 of operating capital which will sustain the business through to profitability.

Additional funding is available if required, as demonstrated in our $5.0M proof of capitalization.

A summary of the funding allocation is demonstrated below:

Property Purchase (Element 7 Option)	$1,200,000.00
Construction and Improvements	$1,385,000.00
Starting Inventory	$ 200,000.00
Operating Capital (3.5 Months)	$ 500,000.00
	$3,285,000.00

Budget for Ongoing Operations

Element 7 has budgeted for all operations, maintenance, compensation, equipment, utility, and other operational costs in its annual pro-forma budget which is included in our documents within this section of our submission.

Our monthly operational costs in Year 1 start at $137,000 per month (first 3 months) through to $140,000 per month and include staff and labor, insurance and legal, repairs and maintenance, contracted building services, marketing, communications and equipment, and other costs.

All of these amounts are included in our 3-year pro-forma.

Compliance and Auditing

A full-time Certified Public Accountant (CPA) will be hired by Element 7 to manage financials across the range of business anticipated by Element 7. In addition, a third-party auditor will be engaged to audit the business twice annually to ensure all investor, city, state and federal measures are being correctly managed and accounted for.

We are confident, based on our existing footprint of cannabis operations, that our projections for fit-out, security compliance, and design works are accurate.

SOURCES OF CAPITAL AND USE OF FUNDS

Element 7 has two sources of capital:

1. Element 7 has a capital balance of over $500,000 (based on 60-day account average) in its bank account (evidence can be provided if requested). These funds are used for payments to the City for application fees, permits and other documents, and to suppliers for short-term assignments and services such as architectural and design fees, property reports, security consulting services, insurance payments, and other similar services. Funds are liquid and readily available at all times and we have an excellent relationship with this bank.

2. Element 7 is financially backed by ToroVerde Inc., a private equity bank. We have demonstrated $5.0M in cash reserves for the purposes of this application with a copy of the banks Statement.

In terms of the **use of capital proceeds**, a summary of this funding allocation is provided below with further explanation on the previous page:

Property Purchase	$1,200,000.00
Construction and Improvements	$1,385,000.00
Starting Inventory	$ 200,000.00
Operating Capital (3 Months)	$ 500,000.00
	$3,285,000.00

An additional $1.7M in funding is available if required which is the $5.0M proof of capitalization less the use of proceeds above.

PROOF OF CAPITALIZATION

Element 7 has attached a copy of its Proof of Funds Document demonstrating ready access to up to $5.0M capital for the future purchase of real estate (current arrangement is lease with an option to purchase), improvements and operations of the proposed operations at 234 Reservation Road.

ToroVerde Inc., have committed a further $5.0M in funding for expanded operations in California with Element 7.

We have also included a bank statement demonstrating capital reserves.

ToroVerde Inc.

ToroVerde Inc.
P.O. Box 869
Station Adelaide
Toronto, ON
M5C 2K1

May 22, 2019

Mr. Robert M. DiVito Jr.
Element 7 LLC
[redacted]

RE: PROOF OF FUNDS / DEMONSTRATION OF CAPITAL FOR MARINA, CALIFORNIA

Dear Robert,

I am writing this letter to support your application for commercial cannabis licenses in Marina, California.

This letter confirms our intent to make USD$5.0M in funds available to Element 7, Inc. (or any of its names subsidiaries) for the purposes of funding development, building, operations, leasing, staffing, inventory and other capital and operational costs in the event that Element 7 is successful in securing the licenses it is applying for in Marina.

I am attaching a letter from our bank confirming the balances in our bank accounts. These funds can be immediately available in USD$ via wire transfer.

Further, I confirm that these funds are fully free of any liens, debts and/or encumbrances and are clean, clear and non-criminal origin.

Should you require additional verification of the above-mentioned funds, please contact us at your convenience.

I can be reached directly at 416 602 4869 at any time.

Kind regards,

Neil Maruoka
Director
ToroVerde Inc.

TD Wealth
Private Banking
The Toronto-Dominion Bank
TD Bank Tower
66 Wellington Street West 2nd Floor
Toronto, Ontario M5K 1A2

May 14/2019

Toroverde Inc.
PO BOX 869 Stn Adelaide
Toronto, ON M5C 2K1

To whom it may concern:

Re: Letter of Reference

This letter is to confirm that Toroverde Inc. has been a client with TD Private Banking since August 2018 and current balance is as follows:

CAD - $23,420,208.85
USD - $964,992.29

Please do not hesitate to contact the undersigned should any further assistance be required.

Yours Sincerely,

Varen Krissnanand
Senior Private Banker

[redacted]

Confidential

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THREE-YEAR PRO FORMA

Element 7 has provided detailed financials for the first 3 years of operations, which are added below and also included at the back of this section of the application.

ELEMENT 7 MARINA LLC			
Project Location	Marina, California		
Fees & Taxes			
State Application Fees ($20,000 per Application)	$80,000.00		
Financial Summary	**YEAR 1**	**YEAR 2**	**YEAR 3**
Revenue	$3,135,000	$6,206,250	$7,029,000
Direct Costs	$998,500	$1,943,875	$2,197,500
Labour and Staff Costs	$1,273,000	$1,358,700	$1,574,055
SG&A Costs	$420,000	$429,000	$471,900
EBITDA	**$443,500**	**$2,474,675**	**$2,785,545**

These financials are built on assumptions based on population, existing purchasing habits, expected market share, and a range of other costs built into our financial models. We expect our COGS to be averaged at or below 30-35%—achievable thanks to our vertical integration. The first-year financials are based on the assumption that we will commence and launch operations in Q1 2020, with a filter applied to the first 6 months of growth as we build and start to scale the business.

YEAR 1 FINANCIAL PROJECTIONS

ELEMENT 7 FINANCIALS: MARINA		YEAR 1												
	UNIT COSTS / SALES $	1	2	3	4	5	6	7	8	9	10	11	12	SUMMARY
GROSS REVENUE														
Income from Dispensary & Delivery Sales		$150,000	$150,000	$150,000	$150,000	$168,750	$187,500	$206,250	$225,000	$243,750	$262,500	$281,250	$300,000	$2,475,000
Income from Manufacturing Sales (Wholesale)		$0	$0	$25,000	$50,000	$50,000	$50,000	$50,000	$55,000	$60,000	$65,000	$70,000	$75,000	$550,000
Income from Distribution License (Wholesale to Retail Sales)		$0	$0	$5,000	$10,000	$10,000	$10,000	$10,000	$11,000	$12,000	$13,000	$14,000	$15,000	$110,000
SUB-TOTAL GROSS REVENUE		**$150,000**	**$150,000**	**$180,000**	**$210,000**	**$228,750**	**$247,500**	**$266,250**	**$291,000**	**$315,750**	**$340,500**	**$365,250**	**$390,000**	**$3,135,000**
DIRECT COST OF GOODS SOLD														
Business Management & Compliance Software & Systems (includes Data)	$3,000.00	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$36,000
Cost of Goods, Dispensary and Delivery Sales	30% of Gross	$45,000	$45,000	$45,000	$45,000	$50,625	$56,250	$61,875	$67,500	$73,125	$78,750	$84,375	$90,000	$742,500
Cost of Manufacturing and Packaging Operations and Materials	40% of COGS	$0	$0	$10,000	$20,000	$20,000	$20,000	$20,000	$22,000	$24,000	$26,000	$28,000	$30,000	$220,000
SUB-TOTAL DIRECT COST OF GOODS SOLD		**$48,000**	**$48,000**	**$58,000**	**$68,000**	**$73,625**	**$79,250**	**$84,875**	**$92,500**	**$100,125**	**$107,750**	**$115,375**	**$123,000**	**$998,500**
COST OF STAFF & LABOR														
General Manager	$70,000.00	$5,833	$5,833	$5,833	$5,833	$5,833	$5,833	$5,833	$5,833	$5,833	$5,833	$5,833	$5,833	$70,000
Finance Manager	$60,000.00	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$60,000
Head of Manufacturing	$60,000.00	$0	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$55,000
Lab Staff & Packers ($18.00 per Hour)	$25.00	$0	$0	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000	$80,000
Retail Store Manager	$72,000.00	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$72,000
Retail Staff 9 Staff	$25.00	$54,000	$54,000	$54,000	$54,000	$54,000	$54,000	$54,000	$54,000	$54,000	$54,000	$54,000	$54,000	$648,000
Security Officers ($25.00 per Hour)	$25.00	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$24,000	$288,000
SUB-TOTAL COST OF STAFF & LABOUR		**$94,833**	**$99,833**	**$107,833**	**$107,833**	**$107,833**	**$107,833**	**$107,833**	**$107,833**	**$107,833**	**$107,833**	**$107,833**	**$107,833**	**$1,273,000**
OTHER COSTS														
Insurance & Legal	$6,000.00	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$6,000	$72,000
Repairs & Maintenance Team Tools & Equipment	$4,000.00	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$48,000
Contracted Building Services	$2,500.00	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$30,000
Marketing Budget	$10,000.00	$20,000	$20,000	$20,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$150,000
Communications, Equipment and Hardware	$3,000.00	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$36,000
Other Costs	$7,000.00	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$84,000
SUB-TOTAL COSTS (COGS, COST OF LABOR, OTHER COSTS & CAPEX)		**$42,500**	**$42,500**	**$42,500**	**$32,500**	**$32,500**	**$32,500**	**$32,500**	**$32,500**	**$32,500**	**$32,500**	**$32,500**	**$32,500**	**$420,000**
NET INCOME		**-$35,333**	**-$40,333**	**-$28,333**	**$1,667**	**$14,792**	**$27,917**	**$41,042**	**$58,167**	**$75,292**	**$92,417**	**$109,542**	**$126,667**	**$443,500**
P&L ASSUMPTIONS														
Operating Days per Calendar Month	30													
Average Number of Customers per Day (Estimated)		250	250	250	250	250	250	250	250	250	250	250	250	
Average Basket Size per Customer (Includes Excise Tax)	$50.00													

YEAR 2 FINANCIAL PROJECTIONS

ELEMENT 7 FINANCIALS: MARINA		YEAR 2												
	UNIT COSTS / SALES $	1	2	3	4	5	6	7	8	9	10	11	12	SUMMARY
GROSS REVENUE														
Income from Dispensary & Delivery Sales		$350,625	$371,250	$391,875	$412,500	$412,500	$412,500	$412,500	$412,500	$412,500	$412,500	$412,500	$412,500	$4,826,250
Income from Manufacturing Sales (Wholesale)		$80,000	$85,000	$90,000	$95,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000	$1,150,000
Income from Distribution License (Wholesale to Retail Sales)		$16,000	$17,000	$18,000	$19,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$230,000
SUB-TOTAL GROSS REVENUE		**$446,625**	**$473,250**	**$499,875**	**$526,500**	**$532,500**	**$532,500**	**$532,500**	**$532,500**	**$532,500**	**$532,500**	**$532,500**	**$532,500**	**$6,206,250**
DIRECT COST OF GOODS SOLD														
Business Management & Compliance Software & Systems (Includes Data)	$3,000.00	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$36,000
Cost of Goods: Dispensary and Delivery Sales	30% of Gross	$103,388	$111,975	$117,563	$123,750	$123,750	$123,750	$123,750	$123,750	$123,750	$123,750	$123,750	$123,750	$1,447,875
Cost of Manufacturing and Packaging Operations and Materials	40% of COGS	$32,000	$34,000	$36,000	$38,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$40,000	$460,000
SUB-TOTAL DIRECT COST OF GOODS SOLD		**$140,388**	**$148,975**	**$156,563**	**$164,750**	**$166,750**	**$166,750**	**$166,750**	**$166,750**	**$166,750**	**$166,750**	**$166,750**	**$166,750**	**$1,943,875**
COST OF STAFF & LABOR														
General Manager	$70,000.00	$6,125	$6,125	$6,125	$6,125	$6,125	$6,125	$6,125	$6,125	$6,125	$6,125	$6,125	$6,125	$73,500
Finance Manager	$60,000.00	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$63,000
Head of Manufacturing	$60,000.00	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$5,250	$63,000
Lab Staff & Packers ($18.00 per Hour)	$25.00	$8,400	$8,400	$8,400	$8,400	$8,400	$8,400	$8,400	$8,400	$8,400	$8,400	$8,400	$8,400	$100,800
Retail Store Manager	$72,000.00	$6,300	$6,300	$6,300	$6,300	$6,300	$6,300	$6,300	$6,300	$6,300	$6,300	$6,300	$6,300	$75,600
Retail Staff: 9 Staff	$25.00	$56,700	$56,700	$56,700	$56,700	$56,700	$56,700	$56,700	$56,700	$56,700	$56,700	$56,700	$56,700	$680,400
Security Officers ($25.00 per Hour)	$25.00	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$25,200	$302,400
SUB-TOTAL COST OF STAFF & LABOUR		**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$113,225**	**$1,358,700**
OTHER COSTS														
Insurance & Legal	$6,000.00	$6,600	$6,600	$6,600	$6,600	$6,600	$6,600	$6,600	$6,600	$6,600	$6,600	$6,600	$6,600	$79,200
Repairs & Maintenance Team Tools & Equipment	$4,000.00	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$4,400	$52,800
Contracted Building Services	$2,500.00	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$33,000
Marketing Budget	$10,000.00	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$132,000
Communications, Equipment and Hardware	$3,000.00	$3,300	$3,300	$3,300	$3,300	$3,300	$3,300	$3,300	$3,300	$3,300	$3,300	$3,300	$3,300	$39,600
Other Costs	$7,000.00	$7,700	$7,700	$7,700	$7,700	$7,700	$7,700	$7,700	$7,700	$7,700	$7,700	$7,700	$7,700	$92,400
SUB-TOTAL COSTS (COGS, COST OF LABOR, OTHER COSTS & CAPEX)		**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$35,750**	**$429,000**
NET INCOME		**$157,463**	**$175,900**	**$194,338**	**$212,775**	**$216,775**	**$216,775**	**$216,775**	**$216,775**	**$216,775**	**$216,775**	**$216,775**	**$216,775**	**$2,474,675**
P&L ASSUMPTIONS														
Operating Days per Calendar Month	30													
Average Number of Customers per Day (Estimated)		275	275	275	275	275	275	275	275	275	275	275	275	
Average Basket Size per Customer (Includes Excise Tax)	$50.00													

YEAR 3 FINANCIAL PROJECTIONS

ELEMENT 7 FINANCIALS: MARINA		YEAR 3												
	UNIT COSTS / SALES $	1	2	3	4	5	6	7	8	9	10	11	12	SUMMARY
GROSS REVENUE														
Income from Dispensary & Delivery Sales		$453,750	$453,750	$453,750	$453,750	$453,750	$453,750	$453,750	$453,750	$453,750	$453,750	$453,750	$453,750	$5,445,000
Income from Manufacturing Sales (Wholesale)		$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$1,320,000
Income from Distribution License (Wholesale to Retail Sales)		$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$264,000
SUB-TOTAL GROSS REVENUE		**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$585,750**	**$7,029,000**
DIRECT COST OF GOODS SOLD														
Business Management & Compliance Software & Systems (Includes Data)	$3,000.00	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$36,000
Cost of Goods: Dispensary and Delivery Sales	30% of Gross	$136,125	$136,125	$136,125	$136,125	$136,125	$136,125	$136,125	$136,125	$136,125	$136,125	$136,125	$136,125	$1,633,500
Cost of Manufacturing and Packaging Operations and Materials	40% of COGS	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$528,000
SUB-TOTAL DIRECT COST OF GOODS SOLD		**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$183,125**	**$2,197,500**
COST OF STAFF & LABOR														
General Manager	$70,000.00	$6,431	$6,431	$6,431	$6,431	$6,431	$6,431	$6,431	$6,431	$6,431	$6,431	$6,431	$6,431	$77,175
Finance Manager	$60,000.00	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$66,150
Head of Manufacturing	$60,000.00	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$5,513	$66,150
Lab Staff & Packers ($18.00 per Hour)	$25.00	$8,820	$8,820	$8,820	$8,820	$8,820	$8,820	$8,820	$8,820	$8,820	$8,820	$8,820	$8,820	$105,840
Retail Store Manager	$72,000.00	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$79,380
Retail Staff: 9 Staff	$25.00	$68,040	$68,040	$68,040	$68,040	$68,040	$68,040	$68,040	$68,040	$68,040	$68,040	$68,040	$68,040	$816,480
Security Officers ($25.00 per Hour)	$25.00	$30,240	$30,240	$30,240	$30,240	$30,240	$30,240	$30,240	$30,240	$30,240	$30,240	$30,240	$30,240	$362,880
SUB-TOTAL COST OF STAFF & LABOUR		**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$131,171**	**$1,574,055**
OTHER COSTS														
Insurance & Legal	$6,000.00	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$7,260	$87,120
Repairs & Maintenance Team Tools & Equipment	$4,000.00	$4,840	$4,840	$4,840	$4,840	$4,840	$4,840	$4,840	$4,840	$4,840	$4,840	$4,840	$4,840	$58,080
Contracted Building Services	$2,500.00	$3,025	$3,025	$3,025	$3,025	$3,025	$3,025	$3,025	$3,025	$3,025	$3,025	$3,025	$3,025	$36,300
Marketing Budget	$10,000.00	$12,100	$12,100	$12,100	$12,100	$12,100	$12,100	$12,100	$12,100	$12,100	$12,100	$12,100	$12,100	$145,200
Communications, Equipment and Hardware	$3,000.00	$3,630	$3,630	$3,630	$3,630	$3,630	$3,630	$3,630	$3,630	$3,630	$3,630	$3,630	$3,630	$43,560
Other Costs	$7,000.00	$8,470	$8,470	$8,470	$8,470	$8,470	$8,470	$8,470	$8,470	$8,470	$8,470	$8,470	$8,470	$101,640
SUB-TOTAL COSTS (COGS, COST OF LABOR, OTHER COSTS & CAPEX)		**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$39,325**	**$471,900**
NET INCOME		**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$232,129**	**$2,785,545**
P&L ASSUMPTIONS														
Operating Days per Calendar Month	30													
Average Number of Customers per Day (Estimated)		303	303	303	303	303	303	303	303	303	303	303	303	
Average Basket Size per Customer (Includes Excise Tax)	$50.00													

Ongoing Operations

The CPA employed by Element 7 will manage all accounting processes, and a third-party auditor will be engaged to audit the business twice annually. A professional software (e.g., QuickBooks) will be used for all accounting and will integrate with our retail POS Systems.

Ongoing operations will be funded by business-generated cash flow, which is conservatively expected to be around $150,000 per month+ pre-tax in Year 2+ of operations.

Apart from the CPA employed by Element 7, we also have a strong executive team with significant business experience across all facets of financial management, P&L control, debt and equity structures, and cost management.

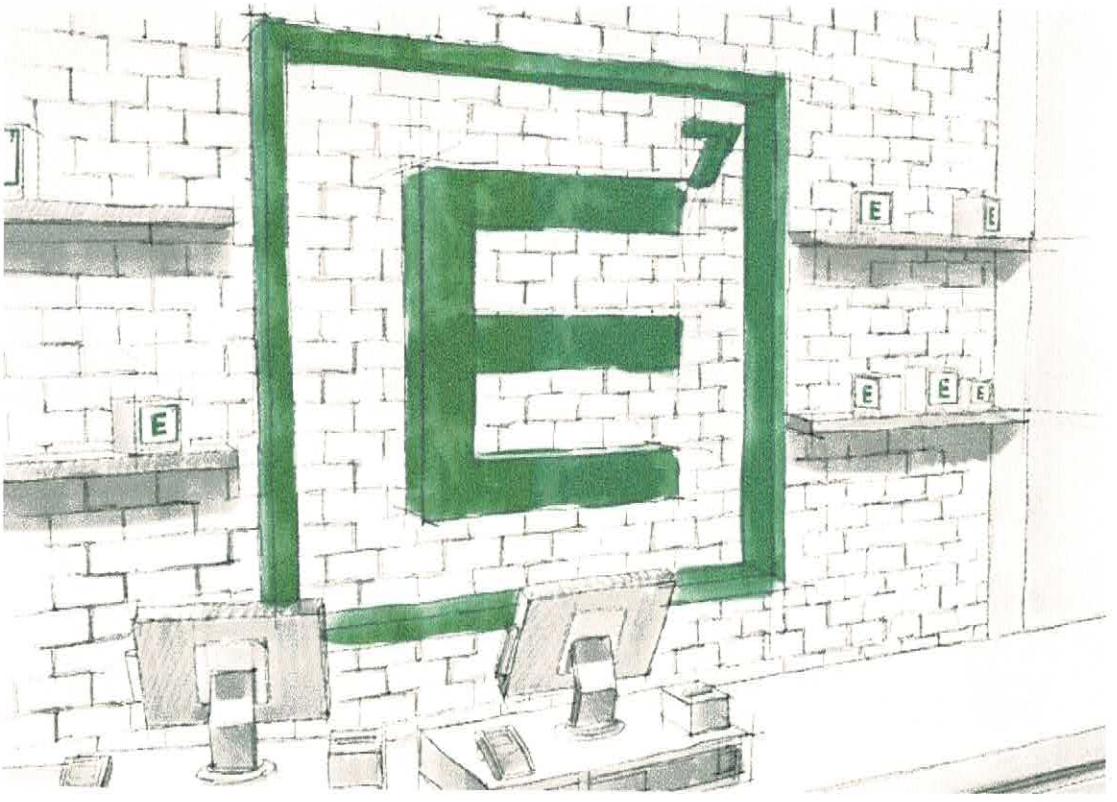
Financial Summary

As demonstrated in our full attached financials, our estimate for net income in Year 1 is a small net operating loss—primarily driven by the fact that operations are projected to start in September of 2019.

We believe that 2020 will deliver a $0.4M EBITDA with a $2.5M EBITDA the following year, primarily driven by the vertically integrated business model, which allows us to drive a higher margin on flower and distillate products, which represent 70% of the market (these will be cultivated in other locations in California under Element 7 such as our facility in Monterey - Monterey Cannabis Co). Manufacturing and Distribution operations in Marina add significantly to the bottom line of the business and will support our retail growth ambitions.

We believe that these financial projections are realistically conservative.

BUSINESS AND MARKETING PLAN



Introduction

Building, operating, and scaling a business becomes much easier with the right team in place. It is easier still when that team has a clear and coordinated execution plan. In the nascent cannabis industry, success is similarly the result of the right people, agile planning, and disciplined focused execution. If anything, the execution plan must be especially agile, and execution must be especially disciplined in the industry's constantly changing regulatory environment.

Success is also about knowing your customer and having a clear, consistent, and collaborative plan in place to win with that customer. Customer engagement in the twenty-first century is the result of an attractive retail environment and an unparalleled brand experience. We will first create and then nurture each of these.

Yesterday's windowless and neon-lit dispensaries are giving way to warm and welcoming retail spaces that foster a deep sense of customer comfort. Our retail space design is taking note of innovative brands in the cannabis industry, but also of brands with long track records of elevating customer experience in highly competitive verticals including fashion, health and wellness, home indulgence, and electronics (e.g., Nike, Apple, Gentle Monster, Lush, T2, Ullah Johnson, and Warby Parker).

Today's most successful brands are those that place intense focus on creating inviting and entertaining retail environments where products are perfectly

integrated with their surroundings. These environments are places for customers to purchase goods, but more than this they are destinations in themselves.
This is what is needed to counter the existential threat posed by online shopping. The sea change in retail markets has forced designers and brands to innovate—to think in entirely new ways about how customers engage with their products and their brands.

Element 7 will, like today's most forward-thinking brands, incorporate cutting-edge, customer-centric design standards and continuously innovate, looking for ways to improve its retail model as new customer trends emerge.

Waowig Studio, Miami

EM PTY Gallery, New York

Compartes, Los Angeles

Gentle Monster, Los Angeles

T2, Sydney, Australia

Nike, Tokyo

To build top of mind brand awareness, create customer loyalty, and drive sales, Element 7 will have both a California marketing budget managed by Element 7 Head Office and a local marketing budget managed by the General Manager of local business operation. The annual local marketing budget will be $120,000, with all activity, spend and channel management overseen by Josh Black, Element 7's Head of Marketing. Additional funds would be spent from head office across the State of California.

Black was Head of Marketing for PepsiCo AP between 2001 and 2009, when he exited the company to start his own agency (Glue), which he sold to WPP in 2011. He was then then Head of Content and CEO for Content and Entertainment for WPP from 2011 to 2017. He was named one of Asia's 40 Under 40 Leaders in Media, Marketing and Entertainment in 2016, and he sat on Gatorade's Global Brand Council from 2005 to 2009. He brings over 20 years of marketing experience to the Element 7 team and brand.

Our Brand Story

Between 2015 and 2018, Robert DiVito surveyed the cannabis industry in the United States, visiting over 100 dispensaries in California, Oregon, Washington, New York and Arizona. He found a common thread among the small handful of extremely successful dispensaries: they had a story to tell—a purpose and a clear point of view

that they could communicate to their customer. They also understood their buyers in ways that pushed beyond the one-dimensional view of the customer as a cannabis consumer and not much else. They had a vision that embraced the industry as it currently is and how it might be in the future. Their customers rewarded them for this.

Most industry operators owned no more than a single store. Many of these were struggling to keep the lights on, thinking perhaps a month or two ahead (if that). Most of the operators who had more than one location showed precious little understanding of the importance of branding and customer experience consistency across locations. They were more focused on the bottom line, and they assumed that cannabis as a product was compelling enough on its own to guarantee the success of their businesses.

After spending time with a range of industry professionals and health professionals and seeing the emergence of new groups of consumers interested in cannabis (soccer moms, young urban professionals, over 50s looking for alternatives to pharmaceutical drugs, and urban housewives), DiVito went looking for a retail concept that would appeal broadly and emotionally to these new customers. On a spring afternoon, while shopping in Walnut Creek, DiVito stumbled across LUSH, a handmade cosmetic store committed to cause-driven standards. They stand firmly against animal testing, and they both promise and provide hand-made craft products, ethical buying practices, charitable giving, and naked packaging.

He immediately picked up a scrap of paper and wrote down these brand characteristics. Then, at the center of the page, he wrote the word 'elements'. Later that day, DiVito wrote down seven core principles—the seven elements that would become the Element 7 brand. This happened to dovetail neatly with the periodic table. The seventh element is nitrogen—a major component of chlorophyll, which, with the sun's help, allows plants to convert water and carbon dioxide into sugars.

Thus, the Element 7 brand was born.

Our Core Values and Beliefs: The 7 Elements

Our company adheres to seven core values and beliefs, each of which is carefully integrated into every decision we make, product we produce, and experience we create.

1. **Excellence in Everything We Do:** We live by the standards we set. Excellence is a choice, and its one we make every single day.

2. **Trust is Earned, Not Given:** Though there are countless opportunities to lose trust and destroy opportunities, you only get one chance to build trust. That opportunity must be seized.

3. **We Only Have One Planet:** Cannabis is a plant, not a commodity. Respect the plant, the soil it came from, and the larger world of which it is a part.

4. **Make Compliance an Advantage:** Survival in our industry depends entirely on compliance. Only the compliant and the controlled will survive.

5. **Think Global, Be Local:** Learn from adjacent industries, businesses, and practices, but always find a way to make these learnings matter locally.

6. **Education is Our Foundation:** Education is a force that will change our industry and our communities like nothing else.

7. **Consistency is Everything:** Our consumers will come to expect a certain feeling from us, and this feeling must be maintained at all times.

These guiding values and beliefs are the bedrock on which Element 7's mission, vision, and brand direction stand.

We are a Holistic Wellness Company

Holistic wellness is based on the principle of *wholeness*; it aims at the pinnacle of achievable human health. It embraces physical, mental, spiritual, and practical wellness, as well as the other pillars mentioned below. Element 7 will incorporate each of the following into its business model and communications strategy.

1. **Physical Wellness:** Physical wellness is comprised of several components including body mass, cholesterol and glucose levels, blood pressure, organ function, circulatory system, and overall strength, stamina, and endurance. Element 7 will promote physical wellness to both its staff and its customers. Staff will be offered complimentary memberships to gyms, yoga studios, and other businesses dedicated to physical wellness and fitness. For customers, Element 7 will offer free yoga and Pilates classes as a part of programs such as *Wellness Wednesdays*. We will collaborate and cross-promote with local fitness and physical wellness businesses, encouraging all who visit us to lead healthy and balanced lives.

2. **Emotional Wellness:** Emotional wellness hinges on our ability to emotionally self-regulate and compartmentalize. It is what allows us to handle periods of stress and other emotional issues. For many users, cannabis plays an important role in emotional wellness, helping them find balance in stressful times and even helping those who are coping with emotional traumas. Our Holistic Wellness Center, Community Outreach Groups, monthly MeetUp Group and other initiatives and events will help us reach out to the community and promote emotional wellness to both staff and customers.

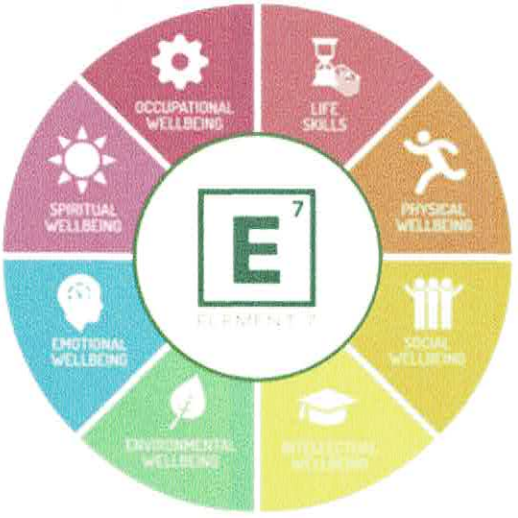
3. **Social Wellness:** Social wellness depends on the strength of our surrounding communities and our connections to them. In short, it is a reflection of our sense of belonging—so crucial to holistic wellness. Element 7 will cultivate a sense of community through its weekly and monthly events calendar. We aim to strengthen existing communities in which we operate through local enterprise management: we will hire 80% of our staff from within the local Marina community.

4. **Spiritual Wellness:** Spiritual wellness means very different things to different people. Overall, spiritual wellness is a sense of connection between our deepest selves and the larger world (both natural and supernatural). Our weekly and monthly events and our Holistic Wellness Center will all promote activities and

events that promote and, whenever possible, heighten spiritual wellness and awareness.

5. **Intellectual Wellness:** Learning is how we grow and come to better understand ourselves and the world around us. Element 7 will encourage intellectual wellness through our continuous learning process that will embrace staff and customers alike. Our website includes 10 white papers on cannabis-related topics, and a range of printed materials will be available in our stores. We want Element 7 to be a learning environment, with the centerpiece of this being the **Element 7 Learning Zone**, which will provide a wealth of educational resources for both experienced and first-time cannabis users.

6. **Environmental Wellness:** Element 7 will encourage appreciation for the planet and its resources—an appreciation that will be reflected in the overall design of the retail outlet (including our choice of sustainable and recycled building materials) and in the tone and look of our communication materials sourced from sustainable and environmentally friendly partners. Our packaging will use recycled and earth-friendly materials. Beyond this, we plan to achieve Net-Zero sustainability standards, which is why our team includes a LEED-certified employee and Dr. YuFu Cheng, one of the world's leading policy makers for global warming and sustainable business practices.



ELEMENT 7: HOLISTIC WELLNESS WHEEL

We Have a Unique Retail Concept

Our Element 7 retail stores draw inspiration from several concepts. We want to connect our retail spaces directly to the horticultural world in which they will play a part, which is why our stores will feature a greenhouse-style glass roof and living plants used as decoration throughout each location. Whites will be balanced with warm, neutral underlying tones and greens. Glass will be paired with natural-feeling building materials like stones and natural timbers, resulting in an eco-friendly and eco-modern feel. Like our products, our stores will both *feel* and *be* natural.

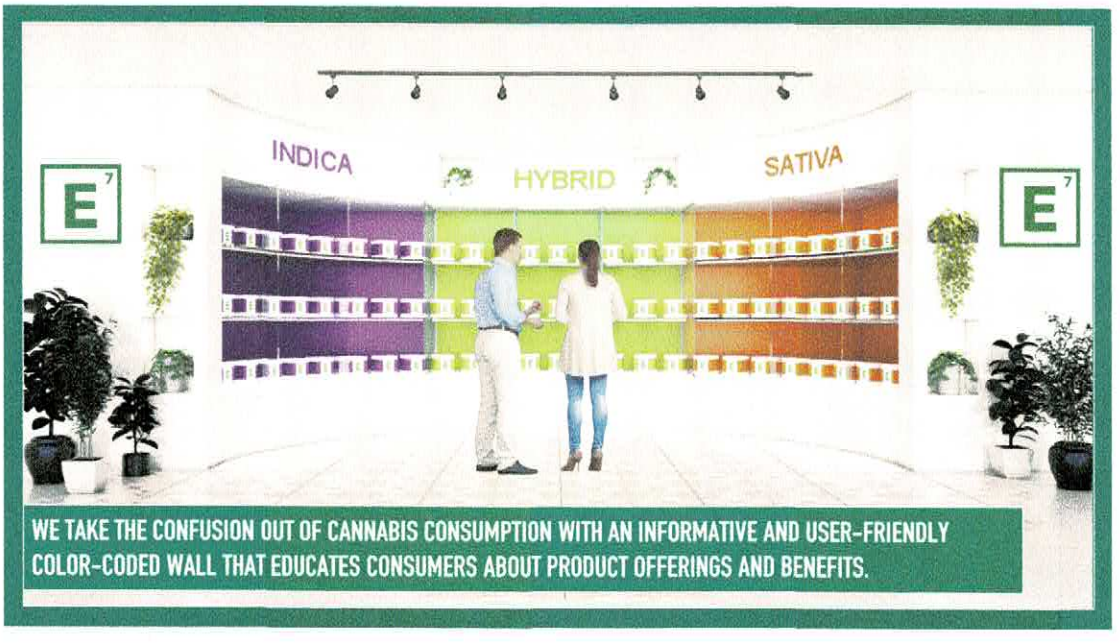
ELEMENT 7 CONCEPT RETAIL OUTLET

There are several unique and differentiated focal points within the Element 7 retail experience that, together, will produce a strong desire among customers to immerse themselves in the brand experience. This will deliver a substantial competitive advantage to our business.

Upon arriving at Element 7, first-time visitors will be directed to the **E7 Learning Zone**. Our desire to educate cannabis consumers (especially first-time users) will be a strong point of differentiation for our brand. Customers will be encouraged to interact with our staff and engage with our touch-screen terminals, which will educate customers about the cultivation of cannabis and the different types of cannabis and cannabis products (e.g., edibles, extracts, and smokables).

Our **Holistic Retreat** offers micro-treatments designed for time-poor working professionals who might truly benefit from any of our cost-effective 20-minute therapies and mini-treatments, each of which will be delivered by a qualified holistic wellness and therapeutic professional.

Our **BudTenders** and **BudMasters** will be some of the most highly trained experts in the industry. Staff will undergo a minimum of 80 hours of classroom-based training before working in one of our retail outlets—that's five times the industry average (BDS Analytics reports that retail staff in the industry receive around 16 hours of training—often substantially less). Our BudMasters have over 200 hours of classroom-based training, which doesn't include the hundreds of hours spent on our retail floor.



Element 7's **Flower Product Wall** is like none other we have seen in dispensaries in North America. Our Product Wall segments our products into three types (sativa, indica, and hybrid). Based on their needs or preferences, customers can easily select a perfectly suited product. If they are seeking playfulness and euphoria, they can choose one of our sativa products; if they are seeking bliss and serenity, our indica strains will fit the bill; if it's sociability and creativity they're after, they can choose one of our hybrids. We're taking the guess-work out of cannabis product selection.

Our **Personal Shopping Nook's** are designed to enhance the shopping experience for customers that are new to cannabis and less familiar with the product benefits.

These shoppers often feel intimidated in a dispensary and end up purchasing something that isn't necessarily suited for them which can lead to a less than optimal product experience. The personal shopping nook's allow them to discuss product choices and options with a knowledgeable BudTender without having to worry who is behind them in the queue.

Sustainable Vertical Business Operations

Element 7 is proposing a vertically integrated cannabis operation in the City of Marina. The Element 7 team have built a robust business plan with financials that demonstrate that the business could generate significant and sustainable profits in its second year of operations. We have founded our company with a vision and a purpose—namely, to be the most controlled, compliant, taxed, tested and trusted cannabis business in Marina.

This will be achieved through a mix of vertically integrated operations (which drive price advantage in the market), a clear marketing strategy, a highly desirable retail location, and a merchandising and pricing strategy that ranges from popular products for everyday use through to premium-niche craft products.

We take a long-term approach to financial targets, understanding that if we get the product and people right, profits will follow. Community engagement and localization sit at the heart of our business, and we know that this commitment is critical to the community's widespread acceptance of the Element 7 business and brand.

To drive our localization initiative, our internal goal is to have 80% of our staff hired from within the City of Marina and the surrounding Marina County. Staff members will all have a chance to become part-owners of the business through our Stock Incentive Plan.

We are a performance-based organization; however, we will incentivize and reward our employees and executives based on more than just financial performance. Staff evaluation will include a range of soft targets and measures focused on sustainable business practices and brand development.

We are confident that we have the team, experience, financial backing, business plan, partnerships and alliances, compliant property and business vision to ensure that, if awarded a license by the City of Marina, we will be Marina's most compliant, controlled, taxed, tested and trusted cannabis operator, setting new standards and benchmarks for how cannabis businesses can and should operate.

Maximizing Taxation Benefits for the City of Marina

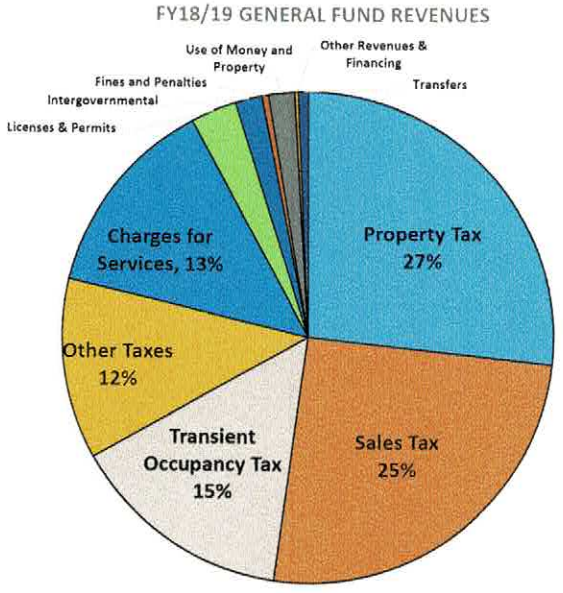
Additional taxes from a vertically integrated cannabis operator like Element 7 will be a significant form of new tax revenue for Marina, helping the city pay for essential services and new projects and infrastructure. The injection of significant amounts of tax revenue will help solve one of the city's largest challenges: declining revenue growth paired with increasing costs.

Awarding multiple vertical cannabis licenses to Element 7 in Marina extracts maximum taxation value (and benefit) for the City versus an operator with a

footprint limited to retail. Rather than just taxation revenues from the final packaged product, the City will be generating taxes from every link in the supply chain with a vertically integrated operator like Element 7.

	ELEMENT 7 Marina	COMPETITOR
Business Model	**Vertically Integrated**	**Retail Only**
Manufacturing Taxes	$100,000	0
Distribution Taxes	$50,000	0
Retail Taxes	$326,700	$326,700
TOTAL CITY TAXES	**$476,700**	**$326,700**
DIFFERENCE IN TAXES	**+$150,000**	

Our tax estimates based on year 3 projected financials demonstrate that awarding vertically integrated operator licenses to Element 7 could generate $150,000 more annually than an operator with only a retail storefront.



CITY OF MARINA: ADOPTED OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2018/19

Based off the Marina Adopted Operating and Capital Budget for 2018-2019, the taxes paid by Element 7 would fund the City's General Fund for the year and contribute over 10% of the City's General Fund Revenue of Other Taxes for 2019 which is not an insignificant amount.

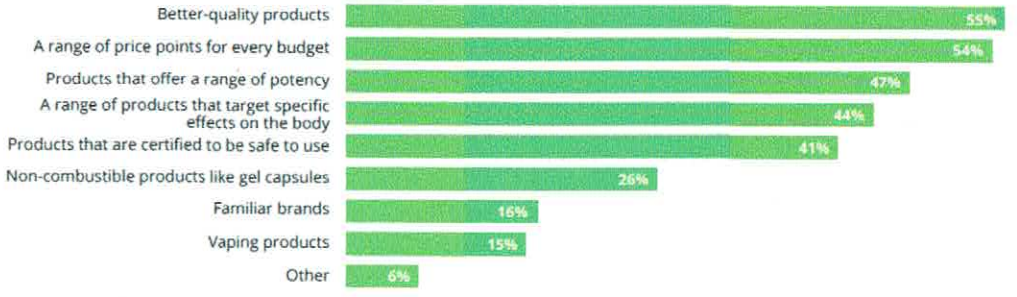
Industry Background and Trends

Our vertically integrated operations give us a panoramic view of the industry that few others can match. Our access to data and intelligence through our partnership with Brigade affords us substantial insights into today's consumers and their changing preferences and behaviors. This allows us to develop new products or approaches to market that will keep us ahead of our competition.

The non-compliant market continues to thrive in California. Local and state taxes, levies, and fees remain a hurdle for would-be operators. As an industry, it is our responsibility to persuade consumers to move their purchases to legal sources. If we are to make a truly compelling case to consumers, we need to find ways to close the cost gap between compliant and non-compliant cannabis.

Data gathered from Californian consumers over the last twelve months tell us that consumers fully understand that they have to pay more for legal products, but consumers also say that they'll only do this up to a certain point. Quality, integrity, trust, customer service, and competitive price points are critical if the industry is to continue convincing existing consumers to shift their purchases to legal channels. At Element 7, we believe we can do more than our part to help tackle this issue through our commitment to providing an unparalleled customer experience and unrivaled product quality.

Reasons to transition to legal purchase channels



SOURCE: DELOITTE 2018 CANNABIS REPORT, *A SOCIETY IN TRANSITION, AN INDUSTRY READY TO BLOOM*

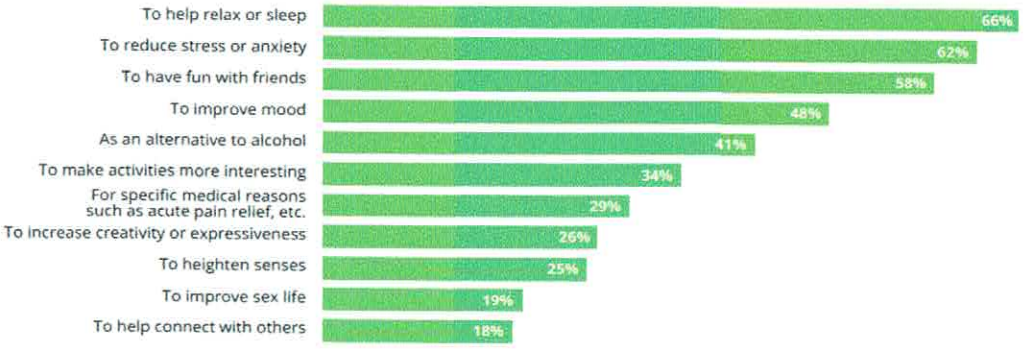
Cannabis consumers aren't as paranoid as some make them out to be, but they are rightfully concerned about how industry operators are collecting and storing their personal information. Having HIPAA-compliant software and systems in place is critical if we are to help our customers alleviate these concerns. If we want first-time customers to become regular clients, we need to be able to show each new customer that their personal information is entirely safe in our hands.

Innovation is critical if we are to stay ahead of the competition. Since the industry's birth, it has transitioned from a cottage market to a thriving and highly sophisticated industry. Those who treat cannabis as a cottage industry are rapidly being left behind. The retail environment, which is becoming more crowded by the minute, now features a number of operators fiercely competing for customer loyalty. Operators who innovate both on their own and through partnerships and joint ventures are able to stay ahead of the game. By focusing on forging lasting alliances with like-minded partners, we will push ourselves to the front of the pack and, once there, we will continue to innovate to remain there.

The cannabis market is shifting. With the addition of younger and older consumers, soccer moms, and housewives, the market is diversifying and fragmenting. Conservative experimenters are now interested in cannabis for its health and medicinal properties. As an operator, we can no longer create brands that attempt

to stand for everything—rather, we must be far more defined in how we approach brand marketing, consumer segmentation and addressing certain unmet consumer need-states such as those demonstrated below (sourced from a 2018 Canadian survey).

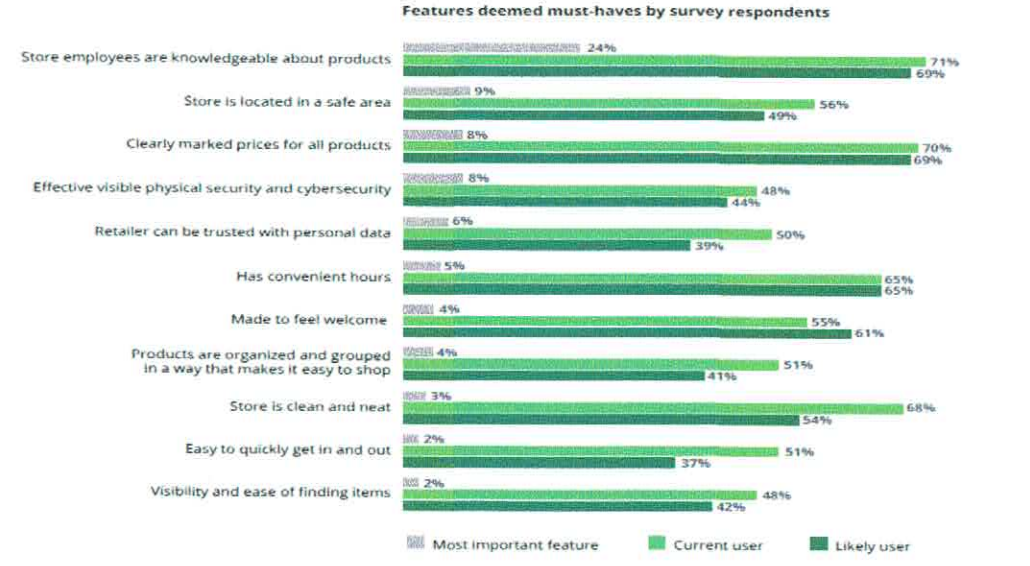
Reasons for using recreational cannabis



SOURCE: DELOITTE 2018 CANNABIS REPORT, *A SOCIETY IN TRANSITION, AN INDUSTRY READY TO BLOOM*

As cannabis settles into its place in the market, consumers are purchasing cannabis and cannabis-related products more frequently and in higher volumes. This shows a willingness to spend more and shop more often; however, brand loyalty is still hard to come by. Unlike in other categories such as snacks, beverages and household products, consumers will happily experiment with new brands, delivery methods, and ingestion options.

Shopping preferences in physical stores



SOURCE: DELOITTE 2018 CANNABIS REPORT, *A SOCIETY IN TRANSITION, AN INDUSTRY READY TO BLOOM*

Given the limited channels available for building a cannabis brand, in-store shelf presence and knowledgeable staff are both critical. This is why we have a

dedicated staff training program and a full-time visual merchandiser employed at Element 7. These will combine to create an unforgettable customer experience with education at its core.

The Canadian cannabis consumer data cited above gives us a clear picture of consumers' changing preferences and how we can lean into these preferences to create an unforgettable experience. Consumers want a retail shopping experience that is convenient, but they also want to see extremely knowledgeable staff and extreme care taken with their personal information. As these preferences change—and they almost certainly will—Element 7 will adapt its products and practices to follow customers as they move.

If the alcohol and tobacco industries are any indication, industries can thrive in tightly regulated and controlled markets. As recreational cannabis consumption fully enters the mainstream, we will be there to provide consumers with safe and ethically sourced products tailored to their needs. Rather than a hindrance, we view regulation and control as favorable: not only does it provides a barrier to entry to poorly organized operators, it also has the consumer's wellbeing at heart. We want to operate a profitable business, but we also want to take care of our customers and our community. Regulation is good for both of these.

Our Business Model is Built on Customer and Industry Insight

Element 7's business model is based on a truly holistic cannabis experience. The brand aims to provide the highest-quality cannabis on the market at an affordable price while simultaneously providing customers with an immersive retail experience in a secure, relaxed, enjoyable, and aesthetically pleasing environment. We also offer the opportunity for customers to experience Element 7's concept with knowledgeable Bud-Tender services, planned merchandising for a better shopping experience, limited and exclusive drops from brands including WonderBrett, and a range of products specifically catered for the local market based on local data insights.

We have built our business model on four core value propositions:

1. **Delivering an Unmatched Cannabis Experience**: What sets Element 7 apart from other dispensaries and cannabis operations will be the range of different cannabis experiences we will make available to customers—exclusive product drops, limited editions, and our $20 shelf for budget-conscious customers. Element 7 is set to become the standard by which all other dispensaries will be measured—an ambitious goal, but one grounded in our deep understanding of the market and its unrealized potential.

2. **Being Locally Relevant**: While our outlook is global, it is one of our core principles that we remain locally relevant. Every operation that we are involved with has a strong focus on making a positive local footprint. We always attempt to work with local suppliers and show a marked preference for hiring locally. We build strong relationships with local community organizations, establish local business outreach programs, host local community education workshops, and offer a stock incentive plan that turns local employees into owners. We also build advisor

teams that seek to understand and balance the needs of the industry and the community.

3. **Respecting Diversity and Accessibility**: Just because we offer a premium product, that does not mean we have to be exclusive. We appreciate that The City of Marina is a diverse, eclectic community, which is why Element 7 will offer a range of products including high-quality yet affordable cannabis products through to more exclusive premium ranges. Our businesses have never and will never discriminate on the basis of age, sex, race, religion, disability, or sexual orientation. Our hiring practices will create a team that is representative of Marina's vibrant and diverse community.

4. **Winning with Technology and Data:** We have formed two strategic alliances that will enable us to be one of the highest-performing retail businesses in the state. We have partnered with BRIGADE, which holds the global exclusive license to Weedmaps customer and digital data, and with Ready Cart, a seven-year-old e-commerce company that created and operates BURPY, one of North America's best food delivery companies. Combining the strengths of these two alliances will give us a better understanding of customers than any other cannabis company in California, and it will give us access to a highly responsive technical platform with which we can efficiently manage and fulfill customer orders.

Research, Product Development, Innovation, and Design

We have a strong commitment to science, research and innovation. To demonstrate this commitment, we have formed three key strategic partnerships that contribute to the advancement of cannabis research and medical understanding of cannabis compounds:

1. **UCLA Cannabis Research Initiative**: We work closely with Dr. Jeff Chen, providing crucial funding for advanced opioid and cannabinoid studies at UCLA's Cannabis Research Initiative in Los Angeles, California.

2. **UCLA Riverside Hemp Research Partnership**: We have partnered with UCLA Riverside, the first university in California to apply for a DEA License to conduct research studies on hemp. Element 7 is assisting UCLA with the collection of field data.

3. **PANAXIA (Israel)**: Element 7 is the only company in California to partner with Ocean Grown and Panaxia to bring world-leading pharmaceutical-grade medical cannabis products to California (we have similar arrangements in Illinois, Florida, New York and Nevada). PANAXIA products are currently sold in several US States, and the demand for them is incredibly high given PANAXIA's pharmaceutical-grade approach to cannabis medicine.

PANAXIA
Medical Devices and Pharmaceuticals

Our Competitive Advantage

Our key advantages lie in our deep understanding of the cannabis industry, our relationships at all levels (including political and industrial), and our disciplined and corporate approach to the cannabis market and business development.

Our success in the City of Marina will be achieved through:

1. **Vertical Integration**: Our industry cultivation and manufacturing partnerships allow us to deliver "wholesale at retail," giving us a huge price advantage over our competitors.

2. **Customer Focus:** We will be relentlessly customer-focused. Our studies have shown that most dispensaries in California try to be "everything to everyone." By being laser-focused on wellness seekers and conservative experimenters, we believe that we can address roughly half of the cannabis market and be more successful than those who try to address all of it.

3. **Concept and Vision:** Our concept in the City of Marina is unique and highly differentiated. It balances the needs of the city and its residents. Our store design will drive interest and even intrigue passersby. Customers will come back over and over again seeking the unparalleled brand experience that Element 7 will be cultivating.

4. **Access to Premium Genetics and Products**: Our relationships in the market allow us to deliver house strains of the most popular genetics in the market (OG, Kush and Cookies) and premium LA Genetics from some of the most highly sought-after premium-price cultivators.

5. **Systems, Processes and Practices**: Our decades of experience in the cannabis industry give us a huge head-start over our competitors across everything from construction to compliance, operations, customer management, marketing, and inventory management. Our executives have worked at some of the world's most prestigious companies, giving us the ability to drive business development with proven systems and processes.

6. **Branding**: Element 7 is being developed as a brand that will have strong top of mind recall, allowing us to maximize sales and marketing efforts in Marina. We are aligning ourselves with some of the biggest brands and names in the industry to deepen our ability to offer a uniquely broad range of brands to consumers in Marina.

7. **Market Understanding**: Our team members have diverse backgrounds ranging from entrepreneurship, small business management, finance, health and customer service. What we all have in common is a deep understanding of the constantly evolving cannabis industry.

8. **Local Connection**: Wherever Element 7 operates, we always ensure we build strong connections with the local community through a range of initiatives: educating at risk youths, providing free medicine to disadvantaged customers, and supporting local community-outreach programs. We have a policy of hiring and promoting locally, which only further deepens our deep roots in the communities we serve.

9. **Differentiated Positioning:** At Element 7, we promote total body health and wellness: medical cannabis is far more effective when there is an emphasis on holistic health. A healthy diet, exercise like yoga or Pilates (which strengthen both body and mind), and a sympathetic network can together make a very large difference indeed. Element 7 will encourage holistic health, and this will be evident in our branding, in-store experience, products, and customer care.

10. **Corporate Discipline**: We have decades of experience working for some of the biggest brands and companies in the world at very senior regional and national-level positions. We also have, collectively, over 30 years of retail operations, growth and consolidation experience. This gives us a strong base of financial, management, business, and leadership discipline that most cannabis industry operators lack. We don't cut corners, take the easy route, or relax on compliance issues. Business is business, and at Element 7, we do business right.

STRATEGIC MARKETING PLAN

Target Audience

Our research has pointed us towards two groups (primary and secondary) that together will comprise our core target audience. We will focus the majority of our advertising, marketing, and product efforts on targeting these groups and on showing that our brand is a locus for the aspirational holistic wellness lifestyle that both groups are seeking. Rather than trying to be everything to everyone, our clear targeted positioning will allow us to continue to build a brand that clearly stands for something that resonates powerfully with our core customer base.

PRIMARY AUDIENCE

WELLNESS ADVOCATES
Everyday Wellness Lifestyle
"Looks for Better Choices"

SECONDARY AUDIENCE

CONSERVATIVE EXPERIMENTERS
Alternative Natural Choices
"Cannabis Now Accepted"

Element 7 will have two clearly defined audiences that we will market the dispensary business to, each with its own desires, needs, and level of sophistication:

1. **Wellness Advocates**: Wellness advocates are constantly seeking the next decision that will improve their life. They are looking for new ways to stay fit and be healthy, they like to eat natural foods, and they are mindful of their spiritual and mental wellbeing. Winning with this target audience sets up Element 7 to be a dominant player in the market, in part because a broader focus on wellness extends well beyond wellness advocates. A healthy and balanced lifestyle is appealing across a wide range of customer segments. It is therefore important that Element 7 be the **#1 dispensary in Marina for wellness advocates**.

2. **Conservative Experimenters**: Conservative experimenters are one of the fastest-growing cannabis industry segments. Cannabis is now acceptable to these customers as a health and wellness treatment, so they are cautiously approaching dispensaries with a willingness to explore and experiment. This group aspires to wellness advocacy—one more reason winning with wellness advocates is so important for Element 7.

   There are two sub-sets of conservative experimenters:

   (a) **Price-Focused Conservative Experimenters:** These customers want their product delivered quickly, efficiently and reliably. Element 7's advantage is our vertical integration which gives us a significant price advantage over other businesses. Coupled with the overall Element 7 experience and brand partnerships, we are confident that we will be a highly differentiated and therefore extremely strong competitor.

   (b) **Quality-Focused Conservative Experimenters**: Quality-focused conservative experimenters are looking for premium genetics, brands, and products that functionally and emotionally meet a range of need-states that other products of lesser quality don't or can't meet. Our partnerships and relationships in the market will provide us with direct access to a range of high-quality, limited edition and exclusive drops that will differentiate us from other dispensaries operating in the City of Marina.

Convenience is critical if we are to deliver a great customer experience in the cannabis retail market for both target audiences. Our targeted customers may want to linger and thoroughly enjoy the brand experience, but it is just as likely that they want to park their car, enter the store, make their purchases quickly, and then leave. We realistically expect to receive over 200 customers at our retail shop each day (averaged at 20-25 customers an hour). The site will have on-site parking, including dedicated ADA Parking Spaces for customers with mobility issues. With the average customer spending 4-5 minutes within the store, we believe that we have adequate parking on-site. We believe that the site will have minimal traffic impact on the community and surrounding businesses.

To increase our customer's time in shop, we have implemented several initiatives to drive this metric, including a holistic wellness spa ***with two treatment rooms staffed by qualified treatment professionals*** integrated into the design of the premises, a herbal tea-bar that will serve non-infused herbal tea, and a specialist Bud-Tender available for detailed product discussions and tailored product recommendations. Ideally, at least 15-20% of our customer base will spend 20+ minutes in the dispensary each visit.

Value Proposition

Our value proposition is one of the most important elements in our marketing plan. It defines why our potential customers should choose Element 7 over other dispensaries in and around the County and City of Marina.

Our two core target customers (wellness advocates and conservative experimenters) are both seeking brands, products, and services they can place their complete trust in, and that's exactly what we will provide: a dependable product and trustworthy customer care.

This core value proposition will be achieved by focusing on retailing brands and products that meet our customers' lofty expectations, but also through our focus on holistic wellness. Holistic wellness is achieved through a carefully balanced lifestyle—the body, mind, and soul are all things to work on, to perfect even. The inevitable result of perfect balance is complete and all-encompassing success, happiness, health and fulfillment. Imbalance (caused by neglect of even a single element of holistic health) produces the opposite. At Element 7, we believe that cannabis has a role to play in today's consumers' quest for balance and holistic health.

Market Analysis: Competitive Set

We will be operating the business with two distinct competitive sets:

- **Licensed Dispensaries in Nearby Towns and Cities**: With several dispensaries operating in nearby towns and cities, it is important that we have a strong offer. Our key competitive advantages over these competitors will be our price, quality of both products and customer care, and ease of online shopping options.

- **Non-Compliant Market**: With many non-compliant delivery businesses still operating in California, the competition from non-compliant sellers remains stiff. We believe that our product quality, pricing, and consumer education

efforts are important advantages for us in this regard. We are looking to work with several of our Advisory Board members to create a powerful consumer education campaign focused on arming our customers with the right information about the benefits of compliant cannabis. A '***What's in Your Cannabis***' campaign targeting consumers is part of our broader marketing plan. Our $20 online product shelf will help us compete head-to-head with the black market.

There are over 30 businesses, all of which offer and advertise dispensary and delivery services in and around Monterey County. Most of these are unlicensed, untaxed, untested and non-compliant.

CANNABIS DELIVERY BUSINESSES OFFERING DELIVERY SERVICES IN MONTEREY COUNTY (SOURCE: WEEDMAPS)

Marina needs strong and financially robust operators to create businesses in Marina that can take a bite out of this non-compliant activity. These operators need to be vertically integrated so they can compete in the areas that make non-compliant sellers so attractive (mainly price and convenience).

Marketing Goals

Our core marketing goals from the plan and strategies we have developed are:

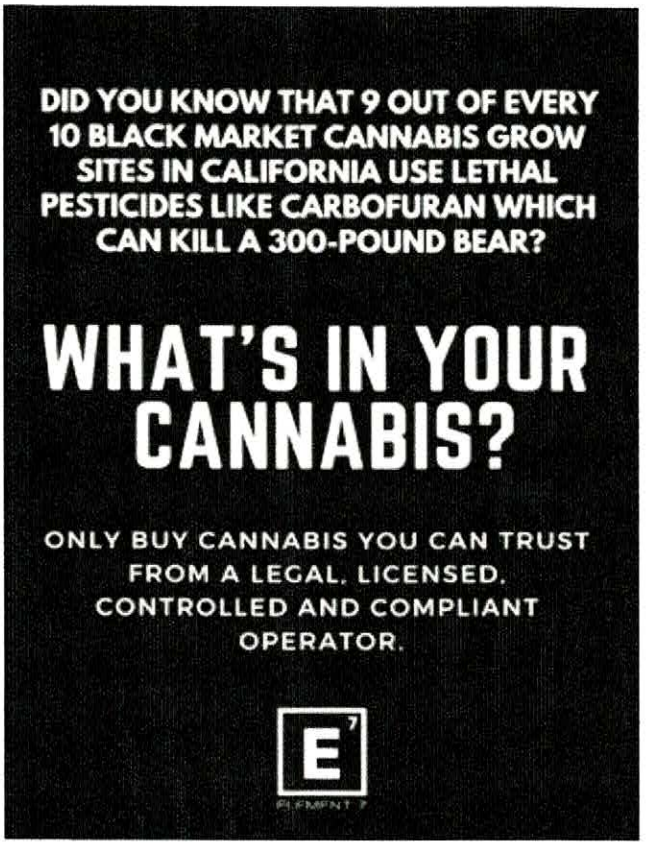
1. Create and build a locally connected business that delivers a 40% market share in Year 1 of operations (among legal and licensed dispensaries in Marina).

2. Build hype and intrigue surrounding the business and its products through a clever mix of celebrity endorsements, social media, perceived exclusiveness, and branded content.

3. Drive top of mind awareness through an always-on, digitally focused social media and content strategy.

4. Create loyalty to the Element 7 brand by delivering and living our core value proposition: cannabis you can trust.

5. Educate consumers about the harmful effects of consuming untested, unregulated, and non-compliant cannabis through the What's in Your Cannabis campaign (see the example below). A series of print executions will drive awareness of this issue and encourage consumers to purchase cannabis *only* from legal and licensed operators.



Product Range

Element 7 will retail a wide range of branded cannabis and cannabis-related products (e.g., flower, vapes, cartridges, and accessories) from its Marina outlet. These products will range from highly regarded premium brands (Wonderbrett, 710 Labs, Honey Vape, Dosist, West Coast Cure, Panaxia, and Stiiizy) through to a range of premium and everyday house brands produced under the Element 7 label and other brands that Element 7 are either investing in or developing.

We are leveraging our relationships in the market to ensure that Element 7 holds exclusive rights to retail premium brands like Panaxia and Wonderbrett at the Marina location. These exclusive supply agreements will ensure that Element 7 attracts savvy customers from Marina and the surrounding areas who are very particular when it comes to brands and products they trust.

Our $20 Shelf initiative is one of the offers that will help us differentiate our dispensary from its competitors. This idea, which has never been tried before, will allow us to go head to head with non-compliant sellers while responsibly serving cannabis to many first-time and occasional adult-use customers. For $20, customers can purchase either 2.5 grams of cannabis flower, a house-branded ¾ gram cartridge, four pre-rolls, or a range of edible products. All of these will be—despite their affordable price tag—high-quality items.

We firmly believe that this initiative will be a strong differentiator for Element 7, allowing us to attract a constant stream of new adult-use customers without interfering with our larger goal of addressing our target audience with premium-range cannabis products and an unparalleled customer experience. The initiative will help support our core business mission: to be Marina's top source of "cannabis you can trust."

Natural Product Offerings

At Element 7, we only source products from state-licensed distributors that have been tested by state-licensed testing labs. All products must come with a full track-and-trace history, which will be uplinked to our data management system for inventory management and patient tracking.

The preferred suppliers we have selected all have a long track record of producing high-quality products that are among the best in the industry. Element 7 will be implementing a quality assurance program that will include random testing of products in our inventory and quarterly site inspections with our suppliers' farms and manufacturing facilities to ensure they comply with our stringent product-quality and safety standards.

Whenever possible, we will choose all-natural, organic and sun-grown cannabis products, grown in bio-organic live soils rather than the alternative.

Element 7 will have a **Preferred Vendor Program** in place that will score existing and potential vendors on a 100-point scale, taking into account their compliance, sustainability, product quality, reliability, and brand innovation. To be considered for sales within Element 7 establishments, a vendor will need a pass-score of at least 80 points.

Holistic Product Development

Element 7 is actively developing a new range of herbal teas that we will sell in the dispensary. What started out as a way to reduce landfill and protect our environment has become one of the cannabis industry's biggest break-out product innovations in recent years—an idea that has the potential to change the way cannabis is consumed and ingested. Cannabis-derived teas are already manufactured and sold within the California market.

It is not the product itself that we aim to revolutionize but, rather, the experience of it. We aim to help create a sub-culture of cannabis tea drinkers with a broad range of healthy products aimed at the same. The idea not only offers new ways to consume cannabis, it also solves one of the industry's persistent problems (how to

dispose of cannabis stems and stalks). We will promote cannabis-infused tea as a viable and healthy alternate to other beverages.

From a business point of view, this emphasis on cannabis-infused teas adds yet another signature element to our concept that differentiates Element 7 from other operators. For many customers, Element 7's cannabis-infused teas will be their first experience of the product, and we are confident this experience will help build brand loyalty.

Pricing Strategy

Element 7 are looking to offer cannabis products ranging from mass-market through to premium branded products, with prices at all levels (from our $20 house shelf to more expensive top-shelf products, services, and experiences). Our ranges will align neatly with our holistic wellness positioning, with each upward movement in price corresponding to a desired physical and/or emotional effect or a discernible increase in potency and/or product quality.

We will continually monitor pricing to ensure that we are remaining competitive in the local and broader market. We will use common pricing tactics such as lead pricing to drive customers into the retail outlet for themed promotions, holidays, and weekly specials.

Advertising and Media Strategy

Element 7 will develop a carefully targeted advertising and media strategy that addresses our identified targeted audiences. The goal of our advertising and media strategy is to reach and persuade potential customers in the most efficient (cost per reach) and effective (optimal targeting) ways possible. Element 7 will use a mix of emotional and functional messaging to demonstrate the benefits connected to the product and the Element 7 brand. At the same time, we will emotionally connect with customers to place the Element 7 brand firmly within their consideration set.

A number of channels have been included in the plan to build scale for the advertising campaign (awareness) and targeted reach (trial). By focusing on awareness and trial, we will drive traffic into our retail outlet, where we can then demonstrate our holistic wellness positioning, brand experience, and product range.

Channel	Activity	Price-Focused Consumers	Quality-Focused Consumers
Direct Outreach	Database Marketing	♦	♦
	SMS Messaging	♦	♦
Industry Publications	Advertisements	♦	♦
	Sponsored Content	♦	♦
	Editorial	♦	♦
Social Media	Instagram	♦	♦
Weedmaps	Site Advertising Package	♦	♦

SEM / SEO	Optimize Element 7 Web Presence	♦	♦
Print (Industry Magazines)	Full-Page Advertorials	♦	♦
Outdoor	Impact Sites	♦	♦
Branded Content	How-To Videos	♦	
	Cannabis Culture Videos		♦
Local Magazines – e.g., Best of Monterey County	Tactical Inserts		
Local Newspapers – e.g., Monterey County Weekly	Tactical Inserts		

Summary

This advertising strategy and associated media buys are designed to keep Element 7 top of mind with local consumers. We will continually monitor spend and channel effectiveness against our core target audience, looking to optimize media and advertising spends wherever possible to drive business results.

We have allocated for a $150,000.00 for our annual local advertising and media budget, which will allow us to plan activity in a broad range of local channels. As sales increase, so too will this budget. This local advertising and media budget will be supported by thematic emotional campaigns developed by the Element 7 head office team that are developed for consumers across the State of California.

We believe that our vertically integrated business model will allow the City of Marina to collect maximum taxes from Element 7 as we produce flower at our proposed operations at 3343 Paul Davis Drive and then move trim and flower to the premises at 234 Reservation Road for Manufacture and Distribution, through to finished and packaged cannabis products for sale.

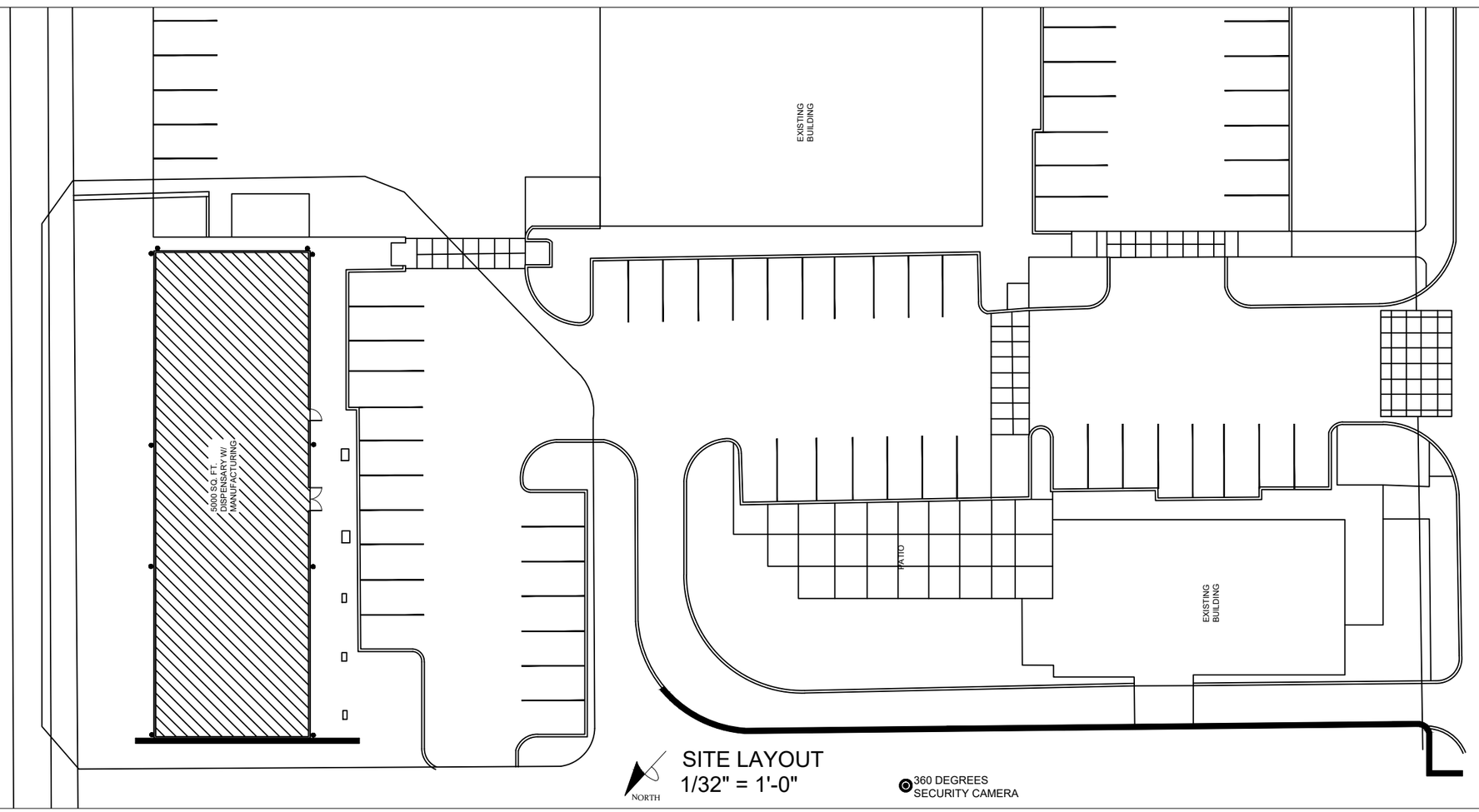
Our understanding of the local customer, retail market, industry, and partnerships with Burpy, BRIGADE, and some of California's most premium cannabis brands such as Wonderbrett, stands us in excellent stead to realize our ambition of being **Marina's most taxed, tested, trusted, controlled, and compliant cannabis operator.**

[redacted]

NORTH

1/16" = 1'-0"

SECURITY CAMERA



NORTH

SITE LAYOUT
1/32" = 1'-0"

360 DEGREES SECURITY CAMERA

ELEMENT 7

ELEMENT 7
MARINA LLC

PROJECT: Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME: PROPOSED SECURITY PLAN

REVISIONS: DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE: VARIES

SHEET NO:

A03

GROUND FLOOR PLAN
3/32" = 1'-0"

ELEMENT 7

ELEMENT 7
MARINA LLC

NORTH

PROJECT:
Proposed Propert Development
234 Reservation Road, Marina
CA 93933

SHEET NAME:
PROPOSED RESTRICTED ACCESS PLAN

REVISIONS:	DATE:

DATE: 05/13/19

PROJECT No: 02-05/08

SCALE: 3/32" = 1'-0"

SHEET NO:

A06

SITE SAFETY PLAN

Facility Safety Features

The Facility has many safety features to protect employees, patients and the [redacted]

- [redacted]
- [redacted]
- [redacted]

- **Lighting:** The front and rear of the Facility will be equipped with security lighting as approved by the City. The entrance and rear of building lighting shall be continuously illuminated. Each light shall provide at least 0.1 foot candle intensity. Additionally, the minimum lighting level of one foot-candle shall be provided at building entrances and in parking lot areas. All lighting shall be fully shielded, downward casting and not spilling over onto structures, other properties or the night sky. Exterior lighting on the premises shall be balanced to complement the security/surveillance systems to ensure all areas of the premises are visible, and shall provide increased lighting at all entrances to the premises. The lighting required shall be turned on from dusk to dawn.

- **Fire Suppression Systems:** Fire Sprinklers shall be located throughout the building. The primary purpose of the Fire Sprinklers is to protect employees, plant and equipment and the building in the event of a fire.

- **Exits and Exit Signage:** The number of exits at the Facility shall be in accordance with Table 1006.2.1 and Table 1006.3.2 (2) and Section 1017.2 of the International Fire Code (IFC).

- [redacted]

- **S**[redacted]

- **Staff Training and Standard Operating Procedures:** A number of procedures are highlighted in this document that deal with appropriate staff training, role-playing and responsive situation adaptation, and SOP's in place to deal with every situation a staff member may encounter.

The attached floor and site plans include full diagrams and descriptions of ingress and egress and security camera locations.

Fire Protection Plan

Element 7 has prepared this Fire Protection Plan for review by the City and the Chief Fire Marshal and/or Inspector. Fire Sprinklers shall be located throughout the building. The primary purpose of the Fire Sprinklers is to protect employees, plant and equipment and the building in the event of a fire.

An assessment of the Facility's fire safety plan by a qualified licensed fire prevention and suppression consultant can be provided, which will include all possible fire, hazardous material and inhalation issues / threats.

In accordance with the California Fire Code, a plan that covers the following will be implemented in close consultation with Marina Fire Department:

1. The hazard of fire and explosion arising from the storage, handling or use of structures, materials or devices.

2. Conditions hazardous to life, property or public welfare in the occupancy of structures or premises.

3. Fire hazards in the structure or on the premises from occupancy or operation.

4. Matters related to the construction, extension, repair, alteration or removal of fire suppression or alarm systems.

5. Conditions affecting the safety of firefighters and emergency responders during emergency operations.

Exits and Exit Signage

The number of exits at the Facility shall be in accordance with Table 1006.2.1 and Table 1006.3.2 (2) and Section 1017.2 of the International Fire Code (IFC). Accordingly:

- All exits will be clearly illuminated by EXIT signage on the roof of the Facility – signs will be clearly visible from both directions.
- A Fire Exit Plan shall be printed and appropriately displayed on the walls of the Facility.
- Egress doors will be installed and required to swing in the direction of egress.
- All staff will be briefed on Fire Safety procedures and a Fire Safety Exercise shall be conducted at least twice a year.

Portable Fire Extinguishers

Approved portable fire extinguishers will be supplied at the Facility to give employees and management the means to suppress a fire during its initial or incipient stage. Element 7 will ensure that all portable fire extinguishers are located where they are readily visible and accessible at all times. Proper maintenance of the installed portable fire extinguishers is the responsibility of the General Manager and will be included in their monthly checklist for the operations of the site. Fire extinguishers shall be of the proper UL Class A and Class B:C rating and size for the areas to be covered per OSHA guidelines.

Electrical: Wiring and Main Room

In accordance with Section 605 of the IFC:

- Doors into electrical control panel rooms will be marked with a sign stating ELECTRICAL ROOM. The means for turning off electrical power to each electrical service and each individual electrical circuit must be clearly and legibly marked.

- Electrical panels and electrical disconnect switches will be accessible at all times. A clearance of 30 inches wide (wider for panels and equipment that exceeds 30 inches in width), 36 inches deep, and 78 inches high is required to be maintained free from storage.

- Electrical systems will be maintained in good repair without exposed wiring, open junction boxes, or damaged equipment that could present an electrical shock or fire hazard.

- Power strips with built-in overcurrent protection ("circuit breakers") are allowed, provided they are plugged directly into a permanent electrical receptacle. Power strips may not be plugged into additional power strips (daisy chaining). A power strip's cord may not be run through walls, above ceilings, or under doors or floor coverings. If power strips show evidence of physical damage, they must be replaced by the General Manager.

- Extension cords may only be used to provide temporary power to portable electric appliances. Extension cords may not be used as a substitute for permanent wiring, and may not be affixed to structures, extended through walls, ceilings or floors, or under doors or floor coverings. Multi-outlet extension cords that do not have built-in overcurrent protection ("circuit breakers") are not allowed. If extension cords show evidence of physical damage, they must be replaced immediately by the General Manager.

HVAC Design for Effective Airflow

External contaminants should be removed by effective filtration of the supply air, to retain the required cleanroom classification. Internal contaminants should be controlled by displacing the airflow:

- The Pressure Differentials should be of sufficient magnitude to ensure containment and prevention of flow reversal without creating turbulence.

- Where possible, ventilation dampers and filters should be designed and positioned to be accessible from outside the manufacturing areas for ease of maintenance.

- Directional airflow within production or primary packing areas assist in preventing contamination.

The proposed HVAC units the Company will use positive-pressure, hospital-grade, HEPA-filtered systems throughout the facility. HVAC systems will be cleaned by an outside contractor bi-annually.

Fires, Hazardous Material and Inhalation Threat Management

The entire facility will comply with all local fire code requirements. A fire inspection will occur at least once per year by the local fire department in conjunction with Marina Fire Department.

Responsibility for Materials

Names and job titles of those responsible for the control of accumulation of flammable or combustible waste materials, and for maintenance of equipment and systems installed to prevent or control ignitions of fires (Ex. Fire Extinguishers, fire hoses, etc) shall be determined after local hires have been made in order to ensure immediate response time when prudent.

Smoke Detection, Exits, and Fire Separations

The facility will be equipped with automatic smoke detection as required by the CFC and CBC and shall be monitored at a remote central station. The smoke detection system shall be monitored twenty-four hours, seven days per week by the same licensed central station that will be monitoring the security system.

General Fire Code Requirements

- An approved key box shall be provided and installed by Element 7 in a location approved by the Local Jurisdiction having Authority.
- The business owner shall obtain all required Fire Department permits and keep them on site and available for inspection per the California Fire Code, Section 105.
- UL listed and appropriately sized and type of fire extinguishers shall be located throughout the facility as required by the California Fire Code and local amendments.
- Inform fire-fighters that they should wear appropriate protective equipment and self-contained breathing apparatus (SCBA) with a full facepiece operated in positive pressure mode.

Element 7's facility will have hazardous material on site. As such, the local fire authority will be provided with detailed Hazardous Materials Inventory Statement (HMIS) that will include MSDS/SDS sheets for currently used chemicals. The plan will also include:

- Amounts and types of products being used and stored
- All product MSDS/SDS sheets
- Storage locations and amounts
- Any special hazards
- Any stored extinguishing materials (wheeled carts etc.)

Identification of Fire Hazards

The following is a list of potential fire hazards and their associated work areas:

Work Areas	**Fire Hazards**
Packaging workstation	Paper, plastic, electrical
Work rooms'	Paper, electrical
Store room	Paper, plastic, flammable and combustible liquids
Break room	Paper, plastic, electrical appliances

Housekeeping Practices

The following are the fire prevention practices associated with fire hazards identified above:

Type of Fire Hazard	**Fire Prevention Practices**
Paper	Waste paper cans emptied daily
Plastic	Waste plastic discarded daily
Electrical	Quarterly inspections of outlets, multi strips, cubicles, and work areas
Flammable liquids	Store liquids in approved flammable storage cabinet

Electrical appliances	Quarterly inspections of appliances; employees trained to inspect appliances prior to use

Safe Code of Work Practices

- Flammables, including data sheets, books, rags, clothing, flammable liquids or trash shall not be placed or stored near heaters or their vents, any electrical appliance, or other potential sources of ignition.
- Sources of actual or potential heat such as hot plates or electric coffee pots shall not be placed near flammable materials. *Portable space heaters and candles are prohibited.*
- Care must be taken not to block potential escape routes, particularly with flammable materials.
- Each individual is personally responsible for assuring that extension cords and multiple plugs are in good condition. Cords that are missing the grounding prong, are spliced together, or that are missing their protective sheath shall not be used.

Fire Control Measures

The following is a list of fire control measures installed or available in work areas:

Work Area	**Fire Control Measures**
Building	Installed and monitored sprinkler system Installed and monitored fire alarm system
Fire Extinguishers	4 Units in the Premises (staff trained on proper use)

Maintenance and Inspection Program

The periodic maintenance and inspection frequencies for fire control measures are as follows:

Fire Control Measures	**Inspection Frequency**
Sprinkler System	Bi-monthly
Fire Alarm System	Annual
Fire Extinguishers	Monthly and Annual

Employee Response to Fire Situations

Employees' response to a fire emergency is delineated in the Emergency Action Plan. Designated and trained employees may attempt to extinguish incipient fires with fire extinguishers after sounding the alarm to alert other employees.

Fire Systems: Staff Training

Employees shall be apprised of the fire hazards of the materials and processes they are exposed to.

Upon the initial assignment, employees should be made aware of those parts of this fire prevention plan which they must know to protect them in the event of an emergency. This program is located in the Staff Room at the Facility and shall be made available for review upon request from the General Manager at the Facility.

Inhalation Issues and Threat Management

Element 7 will have on-site respirators that may be used to protect employees from inhaling hazardous chemicals in the air in the event of any situation involving such an issue. In providing respirators for manufacturing employees, Element 7 has also implemented a written respiratory protection program. This program explains how respirators will be used at the facility which includes the following:

- When and how respirators will be used in routine work activities, infrequent activities, and foreseeable emergencies such as spill response, rescue or escape situations,
- How respirators in use are cleaned, stored, inspected and repaired or discarded,
- How employees are trained about respiratory hazards, and
- How employees are trained on the proper use of the respirators

In order to provide proper protection, respirators must be the right type, must be worn correctly at all times, and must be maintained properly. This is a primary reason why they are considered as a last resort to protect our employees from airborne chemical hazards. As such, Element 7 takes action to eliminate or reduce the respiratory hazard through various ways like exhaust ventilation, changes in process, or enclosure of the process. When possible the use of a hazardous chemical itself can be eliminated.

Respirators are typically used in three different situations – routine or regular exposure to processes or activities involving chemicals, infrequent, but predictable occasions where there is chemical exposure, or emergencies where there is a chemical leak or spill. The written respiratory program must address all these situations if they occur or could occur at the facility. For example, if HFC 134a is emitted, the employee would have to be relocated to a space that has fresh air and kept in a position that is comfortable for breathing. The Director of Operations is in charge of receiving the necessary training as a respirator program administrator from the OSHA Training Institute. The administrator will also evaluate the program regularly to make sure procedures are followed, respirator use is monitored and respirators continue to provide adequate protection when job conditions change.

Sanitation Procedures

Respirators will be cleaned and sanitized every 7 days or whenever they are visibly dirty. Respirators will be cleaned according to the attached instructions (either the manufacturer's instructions or the Respirators Rule cleaning procedures.) All respirators will be inspected before and after every use and during cleaning. In addition, emergency respirators and self-contained tank-type supplied air respirators in storage will be inspected monthly.

Respirators will be inspected for damage, deterioration or improper functioning and repaired or replaced as needed. Repairs and adjustments shall be done by a hired 3rd party Contractor who is trained in respirator maintenance and repair. Supplied air respirators will be checked for proper functioning of regulator and warning devices and amount of air in tanks were used. When supplied air respirators are used, any needed repairs or adjustments will be done by the manufacturer or technician trained by the manufacturer.

Respirator Training

Training shall be done by a licensed operator before employees wear their respirators and annually thereafter as long as they wear respirators. Additional training will also be done when an employee uses a different type of respirator or workplace conditions affecting respiratory hazards or respirator use have changed.

Training will cover the following topics:

- Why the respirator is necessary,
- The respirator's capabilities and limitations,
- How improper fit, use or maintenance can make the respirator ineffective,
- How to properly inspect, put on, seal check, use, and remove the respirator,
- How to clean, repair and store the respirator or get it done by someone else,
- How to use a respirator in an emergency situation or when it fails, and
- Medical symptoms that may limit or prevent respirator use

Records Management

The following records will be kept:

- A copy of this completed respirator program
- Employees' latest fit-testing results
- Employee training records
- Written recommendations from our medical provider

The records will be kept at the Dispensary Reception in order to be accessed by the Fire Department or the Marina officials. Employees will also have access to these records on request to the General Manager.

Employee Safety Education

Safety policies detail procedures for ensuring the implementation of best safety practices at all times and in accordance with Occupational Safety and Health Administration (OSHA) guidelines throughout all facilities and operations. The systematic guidelines established will be strictly enforced, as the safety of employees and the public is the company's foremost business consideration. All employees will comply with all applicable safety regulations as listed in the SOPs as a condition of employment. Safety training will be provided as often as necessary and annually at a minimum.

Our goal is to keep our people and our patients are safe. Our training will help our employees:

- Recognize safety hazards and correct them
- Avoid incidents and near-misses to prevent injuries
- Understand safety best practices and expectations

Building a Safety Culture

It is the policy of Element 7 that the safety of its employees and the public is the company's foremost business consideration. The prevention of accidents and injuries takes precedence over expedience. In the conduct of the company's business, every attempt will be made to prevent accidents from occurring. Element 7 requires

that its employees, as a condition of employment, comply with all applicable safety policies and procedures.

The designated Safety Coordinator is the primary contact for safety-related matters. All employees will receive an orientation of the safety policy and rules upon initial employment, and are required to bring to the attention of their manager or the Safety Coordinator any unsafe or non-compliant conditions or practices. Managers must communicate these concerns to the Safety Coordinator, who will respond to reports within twenty-four hours. Safety training will be provided as often as necessary and annually at a minimum.

Senior management will be actively involved with employees in establishing and maintaining an effective safety program. The CEO, Safety Coordinator and other members of the management team will participate with all retailer employees in an ongoing safety program.

The CEO in coordination with managers must:

- Provide a safe workplace.
- Facilitate monthly safety meetings.
- Provide safety and health education and training.
- Annually review and update workplace safety rules.

All employees must:

- Report all unsafe conditions.
- Immediately report all work-related injuries.
- Wear the required personal protective equipment.
- Abide by the organization's safety rules at all times.

Safety Coordinator Responsibilities

It is the policy of Element 7 to assign a Safety Coordinator to oversee all safety related matters and chair the company's safety committee. The CEO must designate a Safety Coordinator for the company who will be the primary contact for safety-related matters.

Employee Reporting

All employees will receive an orientation to this company's safety rules upon initial employment and must bring to the attention of to their manager and/or the Safety Coordinator any unsafe conditions or practices. Managers will communicate these concerns to the Safety Coordinator, who will respond to these concerns within twenty-four hours.

Inspections

The Safety Coordinator or his or her designee must inspect the company's facility quarterly to identify potential hazards using the OSHA Self-Inspection Checklist. A responsible party must be assigned to correct all hazards as soon as possible. If the hazard is extreme, the inspector in his or her discretion may contact the Safety Coordinator to terminate operations until corrected. Per OSHA recommendations, inspections must cover:

- Processing, Receiving, Shipping and Storage - equipment, job planning, layout, heights, floor loads, projection of materials, material handling and storage methods, training for material handling equipment.
- Building and Grounds Conditions - floors, walls, ceilings, exits, stairs, walkways, ramps, platforms, driveways, aisles. Housekeeping Program - waste disposal, tools, objects, materials, leakage and spillage, cleaning methods, schedules, work areas, remote areas, storage areas.
- Electricity - equipment, switches, breakers, fuses, switch-boxes, junctions, special fixtures, circuits, insulation, extensions, tools, motors, grounding, national electric code compliance. Lighting - type, intensity, controls, conditions, diffusion, location, glare and shadow control.
- Heating and Ventilation - type, effectiveness, temperature, humidity, controls, natural and artificial ventilation and exhausting.
- Machinery - points of operation, flywheels, gears, shafts, pulleys, key ways, belts, couplings, sprockets, chains, frames, controls, lighting for tools and equipment, brakes, exhausting, feeding, oiling, adjusting, maintenance, lockout/tagout, grounding, workspace, location, purchasing standards.
- Personnel - training, including hazard identification training; experience; methods of checking machines before use; type of clothing; PPE; use of guards; tool storage; work practices; methods for cleaning, oiling, or adjusting machinery.
- Hand and Power Tools - purchasing standards, inspection, storage, repair, types, maintenance, grounding, use and handling.
- Fire Prevention - extinguishers, alarms, sprinklers, smoking rules, exits, personnel assigned, separation of flammable materials and dangerous operations, explosion-proof fixtures in hazardous locations, waste disposal and training of personnel.
- Maintenance - provide regular and preventive maintenance on all equipment used at the worksite, recording all work performed on the machinery and by training personnel on the proper care and servicing of the equipment.
- PPE - type, size, maintenance, repair, age, storage, assignment of responsibility, purchasing methods, standards observed, training in care and use, rules of use, method of assignment.
- Transportation - motor vehicle safety, seat belts, vehicle maintenance, safe driver programs.
- First Aid Program/Supplies - medical care facilities locations, posted emergency phone numbers, accessible first aid kits.
- Evacuation Plan - establish and practice procedures for an emergency evacuation, e.g., fire, chemical/biological incidents, bomb threat; include escape procedures and routes, critical plant operations, employee accounting following an evacuation, rescue and medical duties and ways to report emergencies.

Safety Rules

These safety rules are designed to provide employees with knowledge of the recognized and established safe practices and procedures that apply to many of the work situations encountered while employed at this organization.

It would be impossible to cover every work situation. If any employee is in doubt about the safety of any condition, practice or procedure, they must consult their immediate supervisor for guidance. Any employee that willingly disregards a safety rule may be terminated.

Accident Reporting

All accidents or near misses are to be reported to a manager or the Safety Coordinator immediately. Falsification of company records, including employment applications, time records or safety documentation will not be tolerated.

Hazard Reporting

Employees must notify a manager or the Safety Coordinator immediately of any unsafe condition and/or practice.

Alcohol and Other Drugs

No illegal drugs or alcohol will be allowed on the worksite. Employees must notify their manager and/or the Safety Coordinator if they are taking any prescription drugs that might affect their work performance. The use of prescribed medication will be accommodated by the company to every extent possible.

Driving

While driving a company vehicle or driving a personal vehicle for company business, employees must obey traffic laws and signs at all times. Seat belt use is required, and employees must obey posted speed limits.

Lifting

When employees are required to lift an item, they should always seek mechanical means (forklift, lift table, pallet jack, etc.) first. If an item must be lifted manually, employees will refer to the detailed lifting safety rules before performing the task.

Falls

When working above a lower level (4 feet in general industry, 6 feet in construction) with unprotected sides, edges or openings, employees will protect themselves by use of guardrails or an approved personal fall-arrest system (e.g., lanyard, harness, anchor point).

Personal Protective Equipment

Appropriate Personal Protective Equipment (PPE) must be worn at all times during hazardous operations. If an employee has any questions or needs PPE, they must notify their manager and/or the Safety Coordinator and reference the PPE job hazard analysis. Employees are required to wear approved eye and face protection when sawing, grinding, drilling, using air tools or performing any other task that could generate flying debris. When working with chemicals, employees must wear the required protective eyewear. Gloves will be worn when handling metal, rough wood, fiberglass and other sharp objects. Hard hats will be provided when there are overhead hazards. Appropriate footwear, long sleeved shirts, long pants, high-visibility vest, etc., should also be worn as required.

Employee Responsibilities

Each employee is responsible to perform tasks safely and read all safety documentation related to their assigned tasks. If an employee is not properly trained in a function, they must notify their immediate supervisor. Not all work procedures can be addressed. The following items are examples of work conditions in some operating units, but are not all-inclusive.

- Do not stand on furniture to reach high places; always use a ladder or step stool.
- Use handrails when ascending or descending stairs or ramps.
- Close all drawers to cabinets after use to prevent tripping or bumping hazards.
- Keep cords neatly banded to prevent tripping hazards.
- Use extra caution when transporting glass to avoid breakage and cuts.
- Keep floors clear of water by mopping during and after watering to avoid slips and falls.
- Wear respirators when mixing and spraying chemicals.
- Wear PPE when performing hazardous operations.
- Ensure all exhaust equipment and emergency shut offs are operational prior to beginning work.

Safety rules are provided as guidelines for safe operations. All employees must follow these rules as a condition of employment. The IIPP applies to all employees and contractors.

Enforcement of Policies and Procedures

Employees will be subject to disciplinary action for violations of safety rules. Managers are responsible for the enforcement of safety rules. Employees will be afforded instructive counselling and/or training to assure a clear understanding of the infraction and the proper conduct under organizational guidelines. All training will be documented on a safety rule violation notice form and placed in the employee's personnel file. Nothing in this policy or this safety program will preclude management from terminating an employee for a safety violation. This is not a progressive discipline system and any safety violation may lead to an employee's termination without prior instruction or warning.

Management reserves the right to impose any of the following disciplinary actions it deems appropriate:

- Verbal warning with documentation in personnel file.
- Written warning outlining nature of offense and necessary corrective action with documentation in personnel file.
- Termination.

Management will be subject to the above disciplinary action for the following reasons:

- Repeated safety rule violations by employees under their supervision.
- Failure to provide adequate training prior to job assignment.
- Failure to report accidents and provide medical attention to employees injured at work.

- Failure to control unsafe conditions or work practices.
- Failure to maintain good housekeeping standards and cleanliness in their departments.

Insurance and Risk Management

Element 7 shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Marina, the following policies of insurance in the amounts and of the types that are acceptable to Marina, with minimal coverage provided.

Throughout the life of the license, Element 7 shall pay for and maintain in full force and effect all policies of insurance required hereunder with an insurance company (ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A-VII" in Best's Insurance Rating Guide, or (ii) authorized by city manager or his/her designee and in his/her sole discretion. The following policies of insurance are required:

- **Commercial General Liability Insurance** which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and include insurance for "bodily injury," "property damage" and "personal and advertising injury" with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, and contractual liability (including, without limitation, indemnity obligations under the contract) with limits of not less than two million dollars ($2,000,000.00) per occurrence for bodily injury and property damage, one million dollars ($1,000,000.00) per occurrence for personal and advertising injury, four million dollars ($4,000,000.00) aggregate for products and completed operations and four million dollars ($4,000,000.00) general aggregate.

- **Commercial Automobile Liability Insurance** which shall be at least as broad as the most current version of Insurance Services Office (ISO) form CA 00 01 and shall include coverage for "any auto" with limits of liability of not less than one million dollars ($1,000,000.00) per accident for bodily and property damage.

- **Workers' Compensation Insurance** as required under the California Labor Code.

- **Employers' Liability Insurance** with minimum limits of one million dollars ($1,000,000.00) each accident, one million dollars ($1,000,000.00) disease each employee and one million dollars ($1,000,000.00) disease policy limit.

Element 7 shall be responsible for payment of any deductibles or self-insured retentions contained in any insurance policies required hereunder.

Summary

Safety and security are two of the most important factors in the management and operations of Element 7. The policies, procedures, and systems that we have created are in place to drive staff and customer safety. In addition, these policies:

- Demonstrate to employees that safety performance and business performance are compatible;
- Clearly state the company's safety beliefs, principles, objectives, strategies and processes to build buy-in through all levels of the company;
- Outline employer and employee accountability and responsibility for workplace health and safety;
- Are designed to comply with the Occupational Health and Safety Act; and
- Set out safe work practices and procedures to be followed to prevent workplace injuries and illnesses.

KLAUSBRUCKNER
AND ASSOCIATES

WWW.KLAUSBRUCKNER.COM
PHONE: (619) 677-2004
FAX: (619) 677-2444

May 24, 2019

City of Marina
211 Hillcrest Avenue
Marina, CA 93933

RE: Application of a Cannabis Manufacturing, Distribution and Retail Facility in the City of Marina for Element 7 Marina LLC – 234 Reservation Road

To Whom It May Concern,

On behalf of our client, Element 7 Marina LLC ["the Owners"], we are writing for consideration to obtain a Local License to operate a Commercial Cannabis Facility in Marina.

The Owners will occupy their own premises at 234 Reservation Road. Plans will include installing sprinklers throughout the entire building. The Owners will use the facility for manufacturing (packaging and secondary processing only), storage, sales, and distribution only of processed marijuana. The products stored will vary and can include:

- Spray bottles
- Oils
- Candy & edible products
- Leafs & Flowers

The proposed storage methods do not include storing in "high piled storage" array, as defined by California Fire Code.

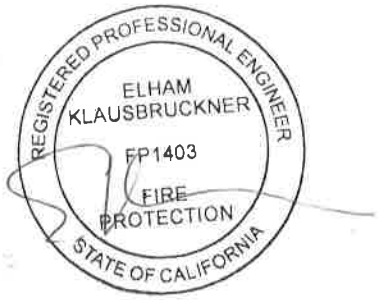
Element 7 Marina LLC agrees to store and use their hazardous materials below the MAQs (maximum allowable quantities) for a sprinklered building as specified by Chapter 50 of the CFC (California Fire Code). Therefore the building will be classified as a B (offices), F-1 (manufacturing) and S-1 (storage) occupancy, as defined by CBC (California Building Code) Sections 302-311.

While the description for the required **Safety Plan** for the application is not entirely specific, the majority of the concerns for Fire Department review in these facilities are related to Hazardous Materials and use of volatiles. Based on the information provided by the owners, there is no proposed storage or use of volatiles (flammable liquids) on site, or extraction operations. Element 7 Marina LLC agrees that they will submit a fire code compliance/safety report prepared by Klausbruckner & Associates Inc. addressing fire protection and hazardous materials requirements as part of their future building and fire plan submittals to Marina Fire and Building Departments. Additionally, any building plans, including exit plans, sprinkler & alarm plans, architectural plans, accessibility plans etc. will be submitted by the architect of record as part of Fire and Building Department submittal package. Element 7 Marina LLC agrees to provide plans showing compliance with the applicable edition of the California Fire Code.

If you have any questions or need additional information, please do not hesitate to call us at (619) 677-9878.

Sincerely,

Elley Klausbruckner, FPE
Fire & Life Safety Consultant



LOCAL ENTERPRISE AND CITY PARTNERSHIP PLAN

Element 7 Marina will be Locally Owned and Operated

Element 7 Marina is a joint venture with two (2) key shareholders and owners - Robert DiVito, the CEO and Founder of Element 7, and Tony Raffoul, the General Manager and Co-Founder of Element 7 Marina.

For the last 4 years Tony has built a range of successful businesses in the City of Marina, creating economic development, jobs, and paying his taxes. His key business, **Marina Spirit Smoke Shop**, has been a thriving successful business for the last 4 years seeing over 300 customers a day.

Tony has a great reputation with his customers, partners, and vendors, is active in the local community (he collects street and beach rubbish each weekend with the **C4SM Program** - Citizens 4 Sustainable Marina – image on next page) and would play a key day-to-day operations role in the operations of the business.

Tony was a key advocate for securing the Measure P, N and V initiatives in the City of Marina, collecting thousands of signatures to help get each of these measures passed, benefiting the City and community of Marina significantly.

Tony lives in the Marina community, calling Marina home, and is passionate about the continued development of the community and business in the region.

TONY RAFFOUL (FAR LEFT) & FRIENDS COLLECTING TRASH FOR C4SM (CITIZENS FOR SUSTAINABLE MARINA)

Local Management Team

Element 7 Marina has identified three local retail staff that we have already entered into discussions with to join our team in leadership and management roles. These three staff are local residents and would join the Element 7 Marina team in a range of roles including shift managers, sales leadership and general management, and include:

Alex Daus: Alex has lived in Marina for 39 years. He works from home as an IT Consultant and is looking to join Element 7 in a managerial role. Alex is passionate about his local community and is an advocate for medical cannabis, educating himself on the benefits of cannabis over the past decade as the industry has evolved and changed. He is keen to lead Element 7's efforts to bring new forms of technology to its business, driving even more efficiency into its business and improving the customer experience.

Paul Greiner: Paul has lived in Marina for 7 years and recently graduated from CSUMB (California State University Monterey Bay) with a degree in Environmental Studies. He loves living in the City of Marina and has called the community home for the last 7 years. Paul is highly interested in applying for a managerial role at Element 7 Marina and leading Element 7's efforts in the State of California to apply best practices in environmental sciences to its business, business practices and environmental sustainability efforts.

Adrian Trevino: Adrian has lived in Marina for the 3 years, studying biochemistry at CSUMB. He has a deep passion for cannabis and studies the plant and its

cannabinoid compounds from a biochemistry background. He is passionate about furthering his understanding of how cannabis impacts human health, how compounds can be isolated for therapeutic health benefits, and cell signaling in human disease. Adrian is keen to build a career with Element 7 Marina and use his knowledge to expand the business's understanding of human health and its commitment to being at the forefront of cannabis science in North America.

These three individuals are excited to join the Element 7 and have attached letters of support at the end of this section to demonstrate their commitment to ensuring that Element 7 Marina stays local and is operated in the best interests of the Marina community.

Building Local Communities

The presence of cannabis operations has proven to be a major force in strengthening local economies, and more importantly, this newly evolved generator of commerce often pays for itself, creating jobs, health services, and security without sacrificing the infrastructure required by other industries to ensure public safety. A recent Colorado State University research report highlights the unbounded success of the cannabis industry, stating, "The economic impression from legal marijuana will spawn approximately $100 million annually within the next three years." With municipalities across the United States still suffering from near economic collapse as a result of failing industries and harsh economic downturns, cannabis businesses are breathing new life into towns ravaged by hard times.

Element 7 strives to drive the vast success of cannabis-related commerce at the local level, spurring community reinvestment, workforce development, stakeholder engagement, financial gain, health-related benefits, and public awareness and education. The rapidly evolving emergence of the marijuana industry across the U.S. is both an exciting and challenging prospect, and Element 7 is committed to providing proactive support in establishing and promoting success in the cannabis realm while building ties with community leaders and entrepreneurs for the betterment of the community.

The success of Element 7 in Marina will be driven by the adoption of the business by the local residents, patients, and community that it operates in. Developing Element 7 Marina as a local enterprise will accelerate the adoption of the business in the local community and also ensure a more sustainable business in the long term.

Local Enterprise Plan

While local businesses obviously create more localized jobs, there are a multitude of other benefits that Element 7 recognizes from a Local Enterprise Plan, including:

1. **Stronger Community Identity**: Small businesses contribute to the identity of the local community. They preserve the local character of the community and enhance the bonds that businesses create with their customers.

2. **Community Involvement:** Local businesses are typically more cognizant of the impact they have on their neighbors and surrounding businesses. More importantly, they can also inspire and impact change, development, and a stronger sense of financial independence with customers and the broader

community. Element 7 is determined to find strong local executives that are integrated and understand the local community needs.

3. **Community Health**: When was the last time you walked into a large-chain local store and the owner or staff greeted you by name? Local enterprise businesses build a sense of community identity. We are committed to creating a strong sense of community and business health around our Facility, regularly consulting and engaging with local business neighbors.

4. **Local Economic Impact**: When local employees live and shop in their local communities, money stays in and circulates through the local economy.

5. **Entrepreneurship**: Strong local business leaders spur entrepreneurship. For the last 200 years, entrepreneurship has spurred America's economic growth.

6. **Innovation and Competition**: Businesses with a strong local-enterprise focus tend to have a stronger sense of creating innovative solutions that appeal to local customer's needs. This will help Element 7 stay more competitive and drive innovation for local customers which we can then transfer to other Element 7 locations where relevant.

Local-Private Enterprise Program

The cornerstone for ensuring Element 7 is built and operates as a Local Enterprise business is our Local-Private Enterprise Program (LPEP), which was founded on a number of core principles:

1. Head Office support should be provided in the initial planning and building phase of the business, which should then transition over time to allowing the local enterprise to have more autonomy on decision-making.

2. Head Office support should continue to guide the business in terms of governance, accountability and financial reporting, which drives consistency across core aspects of the business whilst allowing the local enterprise to drive its business model and growth strategy.

3. Key Management executives for the Local Enterprise should be prioritized for hiring from the local job community and talent pool.

4. A pool of equity in the business should be created and made available for key executives and talent employed at the local business, to become shareholders over time.

5. The business should be guided and governed by a Local Community Board for key aspects of the business's community support program, waste management, neighborhood compatibility and labor and employment plan – i.e., key parts of the business that have the largest micro impact within the local community.

6. Local Advisory Panels shall be created to drive change and effect for key parts of the business as it relates to local enterprise staff – i.e., skills

development, learning and training, local product development and bump-it-up programs for labor growth.

7. Having a strong voice in the local community is critical to ensuring that the business is seen to be proactively working hard to shift discussion on the negative issues of the cannabis industry and drive more focus on the positive benefits.

8. Prioritizing local business partners over others for the development and ongoing operations of the enterprise.

9. Being proactive in the community with regards to visibility of the business in the right forums – attending job fairs, conducting workshops, meet and greets, community tours of the Facility before opening etc.

Element 7 will ensure that Element 7 Marina becomes a local enterprise by committing up to a proposed 7% of the common shares in the company to key staff and executives that are hired from Marina (preference) or the County. Staff serving longer than 24-months service will be eligible to be allocated equity through a Stock Option Agreement.

Element 7 Stock Option Plan

Stock options are a means to both attract good talent and keep those employees invested in the company over time. Accordingly, in general, stock option agreements are offered to key employees in conjunction with the employee's initial hire or concurrent with a significant increase in the employee's role or responsibilities at the company.

When Element 7 offers employees stock options, we will do so through a special contract called a Stock Option Agreement. Such an option, once granted to the employee, give the employee the opportunity to benefit from increases in the company's share value by granting the right to buy shares at a future point in time at a price equal to the fair market value of such shares at the time of the grant. The option agreement dictates all the terms of the offer - including vesting schedule, time limits for exercise once vested and any other special conditions.

Individuals will be issued with four (4) documents at the time they become eligible for Element 7 Stock Options:

1. **Stock Option Plan.** The governing document for the company's issuance of stock options, the stock option plan will contain the terms and conditions of the options to be granted, including the purchase price and any limitations. This is a standard document for all options issued to employees at the same time.

2. **Individual Stock Option Agreement.** This is the custom contract executed by Element 7 and the employee receiving the options. This document specifies the number of options the employee is entitled to exercise, types of options granted, the vesting schedule and other employee-specific terms of issuance.

3. **Exercise Agreement.** This document details the terms under which options can be exercised by employees at Element 7.

4. **Notice of Stock Option Grant.** This document includes a short summary of the material terms of the grant. It generally serves to fulfil SEC notice requirements, and in some cases includes disclosures.

Social Equity and Local Enterprise Board

Element 7 will appoint a Social Equity and Local Enterprise Board to oversee the development and implementation of our ever-evolving social equity policies and practices. The Board will be comprised of individuals within the company with varying backgrounds and experiences as well as third-party stakeholders, such as representatives of our partner Non-profit organizations, residents of disproportionately impacted communities, and persons with relevant expertise. The Board will be responsible for setting social equity goals, devising strategies, and analyzing performance.

At least once per calendar year, the Social Equity Board will produce a report that assesses workplace demographics and other program performance indicators. The Board will use this report to monitor progress towards achieving specific goals and identify the need for strategic action to improve social equity outcomes. The analysis will include percentage breakdowns of positions filled by target underrepresented and disadvantaged populations. If the analysis indicates persons from underrepresented or disadvantaged populations are not sufficiently represented in our workforce, the Board will develop new strategies to fulfill our commitment to diversity and inclusively. Similar assessments will be performed to ensure that opportunities for advancement and professional development are accessible to all employees on the basis of merit.

Industry Partnerships and Memberships

Element 7 is a member of the Institute for Local Government (ILG) which is an industry body founded in 1955 that has been promoting the importance of local governance and local business for over 60-years. The Institute's goal is to assist local leaders to govern openly, effectively and ethically, work collaboratively and foster healthy and sustainable communities.

In addition, Element 7 is a member of The California Small Business Development Center (SBDC). The SBDC is an industry leader in providing small business owners and entrepreneurs with the tools and guidance needed to become successful in today's challenging economic climate.

Element 7 is also a member of the National Federation of Independent Small Businesses (NFIB), the largest small-business association in North America, focused on advocating for the rights and growth of small businesses across the country. NFIB provides a range of tools, educational programs and resources to grow the Element 7 business at a local level.

Supporting Small Cannabis Producers

Element 7 has a policy of supporting local and small craft and boutique cannabis farmers and manufacturers. Many of these come from disadvantaged local communities across the State of California.

We have an active relationship in place with Red Crow Cannabis – a cannabis cultivation company focused on cultivating cannabis on Native American Tribal Land in California. After having conducted their first season in 2017, Red Crow Cannabis are looking to expand their business in 2018 and we call Richard *Tall Bear* Westerman, the founder and CEO for Red Crow Cannabis, a close friend.

We are also a partner of Emerald Exchange – Justin Calvino runs the Emerald Exchange and is a friend and colleague. The Emerald Exchange is focused on bringing craft cannabis producers from Humboldt, Mendocino and Trinity Triangle, and their brands to mainstream city markets, whilst keeping alive the essence and unique qualities of hand-touched sun-grown craft cannabis. This is a part of the industry that we want to keep alive and see flourish as it delivers much needed economic benefits and security to hundreds of small families across California.

Marina Cannabis Business Association

As part of our contribution to community's well-being, we will partner with other local cannabis business to establish a Marina Cannabis Business Association.

Drawing on our extensive experience in both the nonprofit and for-profit worlds, we will organize our fellow commercial cannabis licensees for a common purpose—to bring the values of Marina to life through collective action. We will take the lead to make the Marina Cannabis Business Association functional and vital within the Marina community.

The organization's goals will be to (1) introduce the legal cannabis industry to business owners and residents; (2) develop opportunities for the city's new cannabis

businesses to participate in local organizations; and (3) provide educational information about cannabis businesses that demystifies and de-stigmatizes the industry.

The Associations first project will be to create a website to serve as a clearinghouse of information about basic cannabis consumption, best practices, safety and wellness.

Summary

Small local businesses provide advantages to the surrounding community that large big box retailers cannot offer. When a consumer buys local, significantly more of that money stays in the community. In fact, the Institute for Local Self-Reliance found that for every $100 spent at a local business, $68 remained in the city while only $43 of each $100 spent at a chain retailer stayed local.

Local business owners often have incentives to support other local businesses, patronizing local establishments for both business and personal reasons. Chain businesses, on the other hand, tend to get their supplies from corporate, as well as having store managers and employees that aren't as personally invested in buying local. Element 7 is committed to having a local footprint, contributing to the local economy, and hiring locally with those staff to become owners of the business through our LPEP program.

Element 7 is committed to be the most local and most taxed cannabis business operating in the City of Marina.

NEIGHBORHOOD COMPATIBILITY PLAN

Commitment to the Community

Element 7 is committed to be an asset to the local community. Element 7 aims to enhance the local community by being a safe, professional business that is considerate and dedicated to the advancement of the community.

Element 7 will maintain the business premises in a manner that will best eliminate potential nuisances, safety and security issues, and negative effects on the surrounding grounds. Element 7 is focused and conscious about its role and potential impact on the local neighborhood; as such, Element 7 intends to operate in a manner that is respectful and beneficial for the residents, visitors, and business owners in Marina.

Further, Element 7 recognizes that it is essential that cannabis businesses are compliant, safe, and considerate of the surrounding area. Given the potential concern of the City of Marina, the state regulatory agencies and local residents regarding the operation and location of commercial cannabis businesses. Element 7 has consciously chosen a location that will fit well within the City of Marina. Specifically, the business premises are located well outside the sensitive land use buffer zone, as specified in the "Proposed Location" section within this application.

Neighbor Engagement

For the last month, Element 7 Marina has proactively engaged and educated its business neighbors on the cannabis industry - talking to them about our site location, localization, community engagement, and neighborhood management plans. We appreciate that cannabis creates apprehension and concern with some neighbors

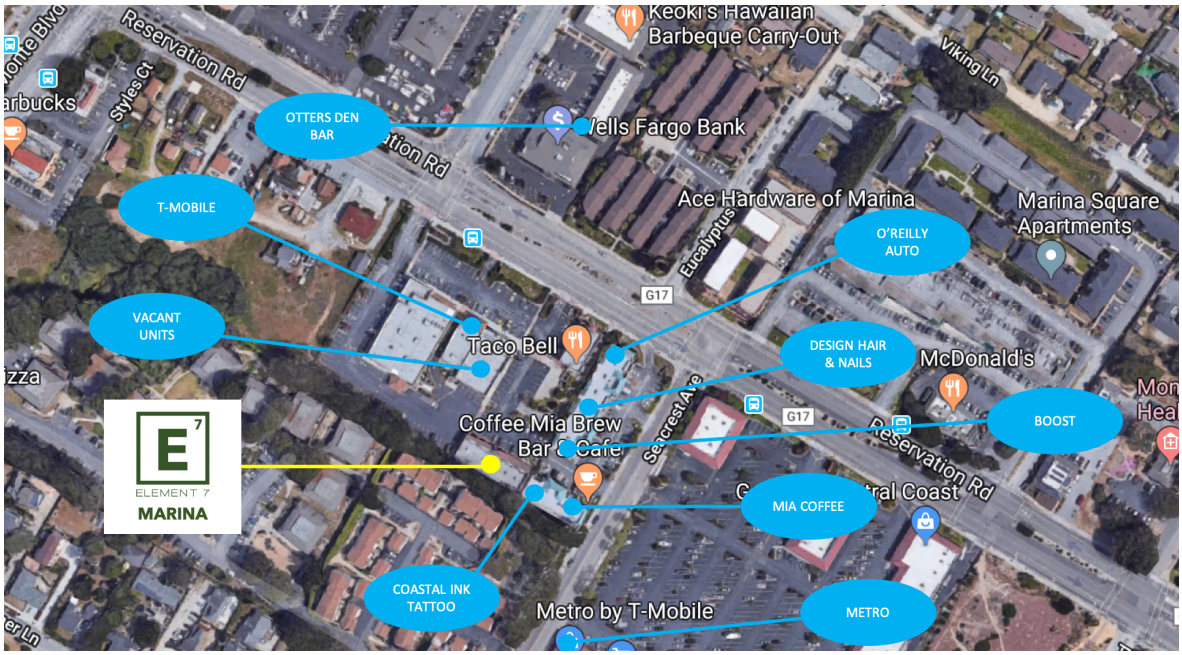
and we have been highly proactive in early engagement and education in this regard.

We have been warmly received by our potential neighbors, much of which has to do with Tony's tireless efforts to engage with them, many of which are existing business neighbors from his Smoke Shop at Vista Del Camino Circle. Over 75% of our immediate neighbors agreed to sign supporting letters which are attached to the rear of this section. These support letters include:

Business	Address	Distance from Proposed Location
T-Mobile	228 Reservation Road	215 Feet
Design Hair and Nails	250 Reservation Road	187 Feet
Coastal Ink Tattoo	250 Reservation Road	80 Feet
Coffee Mia	250 Reservation Road	174 Feet
O'Reilly Auto	250 Reservation Road	267 Feet
Boost	250 Reservation Road	131 Feet
Metro	272 Reservation Road	355 Feet
Otters Den	3166 Vista Del Camino Cir	898 Feet

Measurements Provided are made Door-to-Door from and to Business Main Entrances

As you can see from the table above and the images below, most of our neighbors are supportive of our business and plans - the only 2 active neighbors that have not signed the letters are Walgreens and Taco Bell who, due to corporate policy, could not sign our support letters.



Odor Management

In order to control possible odor nuisances, odor control devices and equipment will be installed in our facility. Please see the "Air Quality Plan" attachment to the application for more details regarding odor and air quality management and control.

Loitering and Graffiti

Additionally, to prevent any other possible nuisances, we will prohibit loitering within fifty (50) feet of the premises. A licensed security guard will be present on the premises to monitor the perimeter of the facility, control loitering, and site access. Also, Element 7 will ensure that any debris, graffiti, and unappealing or unsafe aspects of the building will be adequately addressed by having the General Manager sweep the perimeter of the premises once a day after opening.

Element 7 will encourage the community to communicate any concerns, issues, or questions they have regarding our operations and/or the cannabis industry in general to our Community Liaison. We are committed to creating a safe, environmentally-friendly, and compliant facility.

Improved Community Safety

A UCLA study in Sacramento funded by the National Institutes of Health showed that neighborhoods with cannabis operations have no more crime than other neighborhoods and that "measures operators take to reduce crime (i.e., doormen, video cameras), may increase guardianship" of the area.

Element 7 has a well-vetted Security Company, GSG which has worked with some of the best commercial operators in this industry for nearly 10+ years. Corey English heads our Security Measures, and will continue to work closely with the communities Police Departments, Neighborhood Watch Groups and local businesses to provide both an open door to Element 7, as well as hear first hand the interests and concerns of the local community.

Noise Management

We will not have any activities or operations on site that would create excessive noise for neighboring businesses. Customers and patients will be asked to quietly leave the premises after all transactions have been completed.

Parking Management

The site has sufficient off-street parking for both staff and customers, including an ADA-compliant parking space. All parking spaces will be clearly marked and sign-posted for the convenience of Element 7 shoppers and to ensure that adjacent businesses are not adversely impacted.

Appropriate Location

Element 7 has chosen **234 Reservation Road, Marina, California 93933** as our proposed business location due to the appeal of the discrete location which is within easy reach of Reservation Road, but not in direct public view. The location of the unit, at the rear of the complex, is out of view from the main street which reduces the visibility of the store and will create less concerns with residents focused on the well-being of youths and other sensitive groups. Through marketing and advertising though, our core audience will be aware of the location, which will drive tax revenue, support local job growth, and impact the non-compliant cannabis market.

Construction Compatibility

The constructed Facility is of very similar in construction to buildings in the immediate vicinity which include a number of retail storefronts and offices.

Neighborhood Liaison Manager

We will work closely with community members, neighborhood leaders, and local businesses to provide a model of regulatory compliance, operational safety, and corporate social responsibility. Element 7 understands that the first step towards building trust and support among neighbors is to have an open and honest dialog and proactively address and anticipate the community's needs.

To facilitate this outcome, Element 7 will employ a Neighborhood Liaison Manager who will serve as Element 7's immediate point of contact for all elected officials, regulatory personnel, first responders, neighborhood association presidents, business owners, and other local leaders.

The Neighborhood Liaison's name, email address, and phone number will be provided to law enforcement and all neighbors within one hundred feet of the facility. This will enable Element 7 to understand and appropriately respond to our community's needs and concerns.

The Neighborhood Liaison will also be responsible for developing action plans to facilitate community outreach and to address any community complaints or concerns.

Summary

Being a good neighbor requires careful communication, planning, and a strong desire to support and improve the local community. Element 7 Marina is committed to ensuring that we remain engaged, and continue to educate our partners, friends, and neighbors, mitigating their concerns and continually responding to issues and matters that need local attention.

As demonstrated by our initial groundwork, over 70% of our local neighbors and partners are incredibly supportive of what we are trying to achieve and we see this as a great platform to launch our business in the City of Marina.

June 4, 2019

Mr. Robert DiVito, and
Mr. Tony Raffoul
Element 7 Marina LLC
8033 Sunset Blvd., #987
Los Angeles, CA 90046

RE: LETTER OF SUPPORT – NEIGHBORHOOD BUSINESS NOTIFICATION

Dear Robert and Tony,

Thanks for your time recently to engage and advise us of your upcoming commercial cannabis application in the City of Marina for operations at **234 Reservation Road, Marina**.

We appreciate you taking the time to walk us through your approach to cannabis in the City and the upcoming cannabis application process. Your security and safety plans, commitment to hiring local talent, community support initiatives, and environmental policies and procedures, sound progressive and exactly what the industry and City requires from operators in your industry. Your noise, odor, parking, and traffic plans similarly ease our concerns for keeping the neighbourhood in order.

Our business is located at
272 Reservation Rd. which
is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards, Lorene B. Owner

June 4, 2019

Mr. Robert DiVito, and
Mr. Tony Raffoul
Element 7 Marina LLC
8033 Sunset Blvd., #987
Los Angeles, CA 90046

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Our business is located at O'Reilly 250 Reservation Rd which is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards,

June 4, 2019

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Mr. Tony Raffoul
Element 7 Marina LLC
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Our business is located at 250 Reservation Rd #D _____ which is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards,

June 4, 2019

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Mr. Tony Raffoul
Element 7 Marina LLC
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Los Angeles, CA 90046

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Our business is located at 250 Reservation Rd #E Coffee Mig
_____ which is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards,

June 4, 2019

Mr. Robert DiVito, and
Mr. Tony Raffoul
Element 7 Marina LLC
8033 Sunset Blvd., #987
Los Angeles, CA 90046

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Our business is located at
250 Reservation Rd. Unit I which
is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards,

M. Christensen - Coastal Ink Tattoo
Mariah Christensen

June 4, 2019

Mr. Robert DiVito, and
Mr. Tony Raffoul
Element 7 Marina LLC
8033 Sunset Blvd., #987
Los Angeles, CA 90046

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Our business is located at
228 Reservation Rd. Marina CA. 93933 which is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards,

Tmobile (Exclusive wireless)

June 4, 2019

Mr. Robert DiVito, and
Mr. Tony Raffoul
Element 7 Marina LLC
8033 Sunset Blvd., #987
Los Angeles, CA 90046

RE: LETTER OF SUPPORT – NEIGHBORHOOD BUSINESS NOTIFICATION

Dear Robert and Tony,

Thanks for your time recently to engage and advise us of your upcoming commercial cannabis application in the City of Marina for operations at **234 Reservation Road, Marina**.

We appreciate you taking the time to walk us through your approach to cannabis in the City and the upcoming cannabis application process. Your security and safety plans, commitment to hiring local talent, community support initiatives, and environmental policies and procedures, sound progressive and exactly what the industry and City requires from operators in your industry. Your noise, odor, parking, and traffic plans similarly ease our concerns for keeping the neighbourhood in order.

I don't English

Our business is located at DESIGN HAIR & NAILS which is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards,

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Our business is located at
The Otter's Den 3160 Vista Del Camino Marina which
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Kind regards,
Sharon Renee Mendez
Sharon R. Mendez

COMMUNITY BENEFITS PLAN

Cannabis as a Force for Positive Change

According to a 2016 study from the University of Colorado (Denver), cannabis dispensaries in Denver have had no more impact on the surrounding neighborhood than a coffee shop or drugstore.

Residents reportedly don't see dispensaries as undesirable storefronts in their neighborhood. Another study focused on undesirable land uses similarly concluded that "while public officials, and especially law enforcement, clearly warn residents about the negative effects of these centers on the communities in which they are situated, there is little evidence that residents are listening, as these centers do not appear to have any impact on the urban landscape — and therefore on the health of the communities in which they are located." Reports of negative community impact appear to be concentrated in states that allow cannabis businesses but lack comprehensive state-level regulation of the industry.

Similar reports from Colorado and other established medical and adult-use cannabis states indicate that cannabis businesses positively impact the surrounding community by generating economic benefits like jobs, revenue, and real estate demand. Denver in particular has seen massive real estate market growth, which the Denver Post and others credit to the state's legal cannabis industry. From 2009 to 2014, over a third of all industrial real estate leased in Denver came under the

control of the cannabis industry, which kick-started the recovery of the industrial market in Denver. The industrial vacancy rate has fallen steadily since 2011 and reached a historical low in 2015.

We are seeing similar benefits emerge in California - cannabis, when managed compliantly and in cooperation with Cities and communities, delivers jobs, taxes, revenue, local business growth and real-estate demand.

Element 7 Cares

The foundation of our community and local efforts is our **Element 7 Cares** program which seeks to do four critical things in each community we operate. Our Mission is to:

1. Integrate as seamlessly and authentically as possible into the local community;

2. Change opinions through education, consistency, and reliability;

3. Get involved with local small businesses, non-profits and other community groups and programs; and

4. Be active in improving the overall local community economically and socially.

To bring meaning to our intent to create these facilities, Element 7 will be committing up to **$50,000.00 annually** (based on projected revenue) to the ELEMENT 7 CARES program for the purposes of actively building and creating facilities that contribute towards local community development.

Aligning with the vibrancy of the local community, we will look to be involved in existing non-profit programs within the County. The Element 7 Cares program will cover commitments to working with one group from each of the following five non-profit sectors:

- Health
- Education
- Veterans Affairs
- Home Care
- Marina Community

Organization Focus	Name of Company
Health	Marina at Play Partnership Program
Education	Marina Library Friends
Veterans Affairs	Monterey Bay Veterans
Home Care	Ambassadors Home Care Marina
Marina Community	Here for Good Community Foundation

Tony Raffoul has already held numerous meetings with each of these groups and they are eager to work with us in 2019 and beyond to improve the lives of their members and the Marina community in which they operate.

Accountability

Our Element 7 Cares program will be headed by a Committee of 4 persons – two directors from Element 7 and two from the local community. The local community representatives will be nominated by the community and are essential to the governance and accountability of the program and achieving its mission.

A voting platform to select the local community representatives will be integrated into the Element 7 website which will ensure that the community representatives truly represent the concerns of the constituency.

Youth Drug Education

Young people are exposed to alcohol and drugs at an early age – Element 7 will be an active participant in ensuring that local youth receive the appropriate level of

information on the dangers of substance abuse at an early age so that they are better informed and more capable of decision-making as they develop and mature.

To create and implement this program we will be approaching local education, youth and law enforcement groups with a view to either providing monetary resources or educational materials to such groups.

We believe that this program will have positive flow-on effects for social issues affecting the City including neighborhood crime prevention, substance abuse and creating safer and cleaner parks and recreation facilities.

We know that beyond education, it is critically important to provide meaningful facilities and opportunities to youth that inspire, educate and entertain them.

Engagement with National Non-Profits

When practical, we also have, and will continue to work with large, national Non-Profits on the local level. By engaging the larger organizations and their local networks, we are able to participate and contribute to causes with followings that impact people and communities across the country. Many of us have friends and relatives that are afflicted with health or other issues that can be positively affected by involvement with these organizations, and we look to have the greatest positive impact we can on the communities and cities we are involved with.

Parks and Recreation Initiative

Element 7 Marina supports the protection of safe and beautiful outdoor spaces as a matter of public health and well-being. Element 7 will contact and partner the local Parks and Recreation agency annually to determine what restoration or beautification projects need to be completed. Element 7 will partner with the city to raise funds or provide volunteers to keep the parks, beaches, and open spaces clean and beautiful for locals and visitors.

Volunteer Services

Element 7 will ensure that it gives back to the community by requiring all full-time staff to commit at least 10 hours quarterly to a local cause or charity.

Annually, each staff member will contribute over 40-hours or more of community service beyond the monetary commitments we deliver. These hours will either be used for hands-on volunteering or providing pro-bono support services in the specialist area of the volunteer - business management, design and creative, logistics, processes and systems.

The four-person Element 7 Cares Committee will ensure that the business is held accountable to ensuring that staff commit this time and the General Manager at the Facility will be responsible for tracking all such commitments on a quarterly basis.

Cannabis Job Training Hub

Element 7 will consistently hire from the community it serves, providing long-term, well-paying opportunities for residents in Marina. Legal cannabis is one of the fastest growing job creators in the country, with a report by New Frontier Data projecting it will create more than 250,000 jobs in the next three years. Element 7 remains ahead

of other operators; in that we have created a "Cannabis Training Hub" with a pilot program initiated in Southern California that we will expand to Marina.

The Cannabis Training Hub mirrors a Vocational Training Program, in which participants at the Cannabis Training Hub will take specific courses offered to participants to train for a particular job or career in the Cannabis industry. Our program aids participants from the beginning stages or learning about various job roles within different License areas (i.e. Cultivation, Manufacturing, Distribution, Delivery, or Retail). Upon successful completion of the courses, participants will have an opportunity to intern with commercial operators in the space--and ultimately vie for a position with a cannabis operator.

Our goal is to expand our reach, and form strategic partnerships with vocational training schools like Shoreline Workforce Development Services or in Marina.

Community Engagements

Element 7 will proactively engage with Marina's residents, business owners, and officials to cultivate lasting and mutually-beneficial connections, sustained by a discreet but visible neighborhood presence. Element 7 seeks to provide tangible benefits to the local community through educational outreach and partnerships with non-profit organizations, municipal agencies, and neighborhood groups. Element 7 considers the surrounding community a valuable stakeholder in its business model and will strive to exist in a symbiotic relationship with the Marina community in the following ways:

- **Farmer's Market Education Events**: Element 7 will occasionally have a booth at the Marina's Sunday Farmer's Market and offer free chair massage to attendees to promote our holistic wellness values along with educational material regarding various cannabis topics, for example:
    - Safe Consumption Methods
    - Educating Youth on the Dangers of Drug Use
    - Safe and Proper Storage of Cannabis Products

- **Neighborhood Watch Programs**: Neighborhood Watch groups provide an excellent forum for relationship building between businesses, residents, law enforcement, and City officials.

- **"Coffee with A Cop" Program**: Element 7 will attend these regular morning dialogue sessions hosted by the local Police Department and the City's elected officials to better understand the public safety issues in our City and how Element 7 may help address them.

Community Events

Element 7 propose developing a Community Educational Outreach Program that will be held 4 times a year in conjunction with the local municipality cannabis community. At Element 7 we believe that education and community outreach can change the way cannabis is viewed and helps people understand its benefits. To have a successful cannabis program, we believe that there needs to be an active relationship between the community, cannabis research, and local health and medical practitioners.

To enact such a program, we will be recruiting a panel of specialists and experts onto our team which will help us conduct the outreach program. We would envision each event having 3 specialists that conduct 15-minute lectures with a 30-minute question and answer session at each event. Each event would run for approximately 90-minutes and focus on:

- Myths and Facts of Cannabis
- Customer Treatment Options
- The History of Cannabis
- Latest Research and Medical Findings for Cannabis
- Responsible Use and Management of Cannabis

Our goal is to provide the community with the facts and information that they need to be educated and make informed decisions. It is our goal to educate the community so that they can make the best decisions for themselves and their health. All sessions will be provided at zero cost to the attendees. We will schedule a free shuttle bus for attendees who want to attend the session but may not have transport options.

Dr. Jeff Chen, Director of the Cannabis Research Initiative at UCLA, has committed in writing to helping us with this initiative. Jeff is one of the most respected cannabis experts in North America and holds a dual MD/MBA from Cornell University. He has spent the last four years working at the intersection of academia, industry, non-profit and government to accelerate cannabis research in California and North America. Dr. Chen is the founder of the UCLA Cannabinoid Affinity Group, a published author, David Geffen Fellow and UCLA Wolfen Entrepreneurial Award Recipient.

Open Door & Good Neighbor Policy

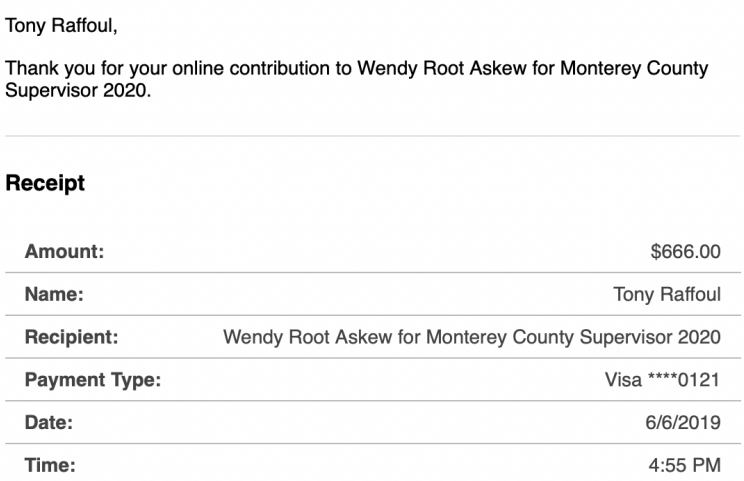
Element 7 has an open-door policy. We encourage neighbors who feel negatively affected by our operations to reach out directly to our General Manager at any time and discuss their concerns. We will set up a special telephone number and email where they can contact us and know they will receive a timely response to address their concerns.

Further, Element 7 considers itself a stakeholder in the surrounding community. In the months leading up to the Element 7 Marina grand opening, the Element 7 founding team will host events and invite local business owners and residents to canvass their attitudes about cannabis retail dispensaries and answer any questions they may have about our operations. Element 7 will create policies that address our neighbor's concerns and that establish Element 7 as a good, responsive neighbor. Element 7 will also collaborate with all local businesses to find out what they need to drive traffic into their establishment and work cooperatively to help them grow their businesses.

Support for Local Development

Since moving to Marina over 4 years ago, Tony Raffoul has been an active supporter of local causes (C4SM), concerns, and campaigns. In 2019, after meeting Wendy Root Askew at a local C4SM event, Tony decided to support Wendy's ambitions to

become the County of Monterey Supervisor. Wendy is a retired Army Colonel, mother, wife, and Marina champion. For the last 17 years she has called Marina home and Tony, and Element 7, are proud to support locals like Wendy who are improving the community and creating change.



Tony Raffoul,

Thank you for your online contribution to Wendy Root Askew for Monterey County Supervisor 2020.

Receipt

Amount:	$666.00
Name:	Tony Raffoul
Recipient:	Wendy Root Askew for Monterey County Supervisor 2020
Payment Type:	Visa ****0121
Date:	6/6/2019
Time:	4:55 PM

Local Business Partnerships

Element 7 believe that good relations with the immediate business community are important and as such, we will be creating an outreach program to actively engage with our immediate business neighbors on both an always-available and formalized twice a year basis.

This program will be enacted to all businesses within 500 feet of Element 7. Outreach efforts will include:

- If Element 7 is successful in its Application, a personal visit from the Licensees to each business within 21-days of being awarded a Permit.

- Creating an email database of all businesses within the 500 feet radius and sending them a twice-annual email offering news of the cannabis industry AND Element 7 business, while asking for proactive feedback on better business and community relations. All businesses will be given the name and phone number of Element 7 Community Relations Manager (Tony Raffoul).

- Inviting businesses to attend a Business Feedback and Community Management Forum twice a year which will be hosted at a suitable venue in the proximate area. Additionally, residents within 500-feet of Element 7 will also be included and will receive our Community Relations Officers contact information.

- Creating a dedicated email address for priority feedback – feedback@Element7.co

- Designating one of our Senior Managers as the Community Relations Officer at Element 7 (Tony Raffoul).

- During the first year of operations, Element 7 will attend quarterly meetings with the City Manager to discuss costs, benefits, and other community issues.

We are very interested in working with local businesses and would look to form a pool of local businesses across several industries that supply at least 75% of our local building, construction, operations, and repairs and maintenance needs on an ongoing basis:

CATEGORY	NAME OF COMPANY
General Contractor	Stowe Contracting
Plumbing	Marina Plumbing & Heating
Electricals	Morson Electrical Services
Handyman	Handyman by Randall
Vehicle Maintenance	Aaliyah's Auto Repair
Catering	Local Harvest Catering

Medical Cannabis Discount Programs

As a holistic wellness company focused on inspiring a holistic lifestyle, Element 7 is intent on providing safe and affordable access to its patients, primary caregivers who suffer from diseases, pain, PTSD or simply do not have the means to pay for medical cannabis or cannabis goods.

Seniors, retired veterans, and customers on government assistance need cannabis to treat a wide range of medical and wellness conditions. Element 7 will assist these persons to access cannabis at-cost by working with hospitals and health care centers in close local proximity to our operations.

These partners will be responsible for identifying customers and others that could benefit from cannabis and need financial assistance in securing discounted pricing.

Element 7' discount program will give-away and allow for heavily discounted medical cannabis and cannabis goods for sick or low-income medical patients.

To enroll in the Element 7 discount program patients will either apply on-line or at the Element 7 facility. The process for enrollment will request the following information from applicants:

1. Medical ID Card and proof of low-income for the last two (2) years (via tax return); or

2. Medical ID Card and proof that patients are receiving state benefits such as welfare, HUD or food stamps.

Participants in the discount program can receive 5 grams of mixed shake or a 20% discount on medical cannabis purchased at Element 7 up to 28g total of THC and 50mg of CBD per month. The discount program is specifically for seniors, retired veterans, HIV and AIDS patients, children diagnosed with autism, epileptics, terminally ill patients and low-income patients.

Many studies have demonstrated the therapeutic effects of cannabinoids for nausea and vomiting in the advanced stages of illnesses such as cancer and AIDS. Dronabinol (tetrahydrocannabinol) has been available by prescription for more than a decade in the USA.

Other therapeutic uses of cannabinoids are being demonstrated by controlled studies, including treatment of asthma and glaucoma, as an antidepressant, appetite stimulant, anticonvulsant and anti-spasmodic, research in this area should continue. For example, more basic research on the central and peripheral mechanisms of the effects of cannabinoids on gastrointestinal function may improve the ability to alleviate nausea and emesis.

As more research is conducted on the basic neuropharmacology of THC and other cannabinoids, better therapeutic agents can be found. We look to stay at the forefront of these medical uses and support the use of cannabis for health-related purposes and issues, and back that up with our Medical Discount Program.

Addressing Product Affordability Makes Communities Safer

Research from the newly legal market in Canada demonstrates the challenges that lie ahead of us, as an industry, in eradicating the illegal non-compliant cannabis market. In Canada, 63% of consumers intend to shift their purchases to legal channels over the next 12-months. Less frequent and new consumers are far more likely to purchase cannabis through licensed channels than consumers that are long-time users, which is logical as these customers have been purchasing non-compliant cannabis for many years.

Eradicating the non-compliant market is critical - the non-compliant market attracts crime, money laundering, violent crimes and a range of other undesirable social issues.

Cannabis is democratic and everyone should have the right to experience the benefits and pleasures of this incredible plant. That's why we are introducing a unique concept to our business – something that has never been done before and will go head-to-head with the non-compliant market whilst responsibly serving cannabis to many first-time or occasional users. We will be offering a $20.00 shelf which will allow local residents and patients the opportunity to get a mild-buzz with the full Element 7 experience and safety that they are purchasing a legal, licensed, and tested cannabis products.

Local Health and Medical Partnerships

Element 7 started as a medically focused cannabis company and this aspect of the industry remains core to our mission and company focus. We would therefore seek to develop partnerships with local health and medical institutes in order to advance customer treatment, care and the scientific advancement of cannabis.

We have identified several local institutions that we would target for partnership development:

Category	Name of Entity / Institution
Health	**Marina Health Center** This health organization treats patients who are below the poverty level for a variety of health conditions, pain management, etc. Marina Health Centers could be a viable partner for better understanding local health issues affecting the residents of Marina.
Education	**Education Center at Marina | Monterey Peninsula College** A potential partnership with an education provider would allow our company to discuss and provide an in-depth look into the benefits of cannabis for various mental health problems (i.e. anxiety, panic disorder, post-traumatic stress disorder, etc.) that may ultimately empower residents to lead healthier lives through natural approaches that are sustained by policies and enhanced by education.

Cannabis Criminalization Reform

A founding principle of Element 7 is to see criminal justice reform for non-violent cannabis offenders.

Amber Norwood's father, uncle and cousin have all been incarcerated for cannabis crimes in the 1980s, 90s and 2000s. Each served between seven and thirteen years for cannabis possession crimes. Amber is Element 7's Head of Compliance and a key member of our executive management team.

NDICA
National Diversity and Inclusion Cannabis Alliance

On June 29, 2019, Element 7 will partner with NDICA (**National Diversity Inclusion Cannabis Alliance**) to run Fresno's first cannabis expungement clinic. With a cannabis industry emerging in Fresno in 2019, Element 7 is financing this clinic with the goal of expunging the cannabis records of over fifty (50) locals who will then have more opportunities to gain meaningful employment in California's cannabis industry. We are very interested in doing similar events in Marina and surrounding Cities in 2019 and beyond.

Element 7 also has one of America's leading advocates for criminal justice reform, harm reduction and marijuana law reform, on our team. Lynne Lyman is the California State Director for the **Drug Policy Alliance**, the nation's leading organization promoting alternatives to the war on drugs.

Prior to the DPA, Lyman worked at the Advancement Project, a civil rights organization, where she focused on issues of violence reduction, criminal justice reform and community policing. She spent six years working in Boston in criminal

justice positions within state and city government, and as a consultant to community and faith-based organizations seeking to address social problems relating to street violence, racial justice and juvenile justice system reform.

As such, Element 7 will also create a local internship and mentors program that supports two twenty-one year old youths annually who have had issues with cannabis crimes, mentoring them in small business management, compliance and leadership.

Summary

Giving back to the local community isn't something we at Element 7 want to be forced to do to gain a business license - rather, giving back is part of our *business with purpose* core belief and mission. We feel proud that we have the opportunity to use our business to create positive change in the local community, leveraging both our people and bottom-line to do good in a range of areas from supporting non-profits through helping disadvantaged patients, reformed cannabis criminals and local businesses.

With a commitment of up to $50,000 annually to our **Element 7 Cares** programs and 40-hours per full-time employee to the local community, Element 7 will be a force for good, held accountable for all of the commitments made by the Community Advisory Board appointed by the local community that Element 7 operates in.

CONTACT INFORMATION

For any information regarding this application please contact:

Robert DiVito
Founder and CEO
Element 7 LLC
Element 7 MARINA LLC
[redacted]

Confidential Documents and Original Copyrighted Ideas

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No part of this presentation may be copied, used (either partially or in full) or reconstituted by or for any third party, person or organization without the express written consent of Element 7 LLC.

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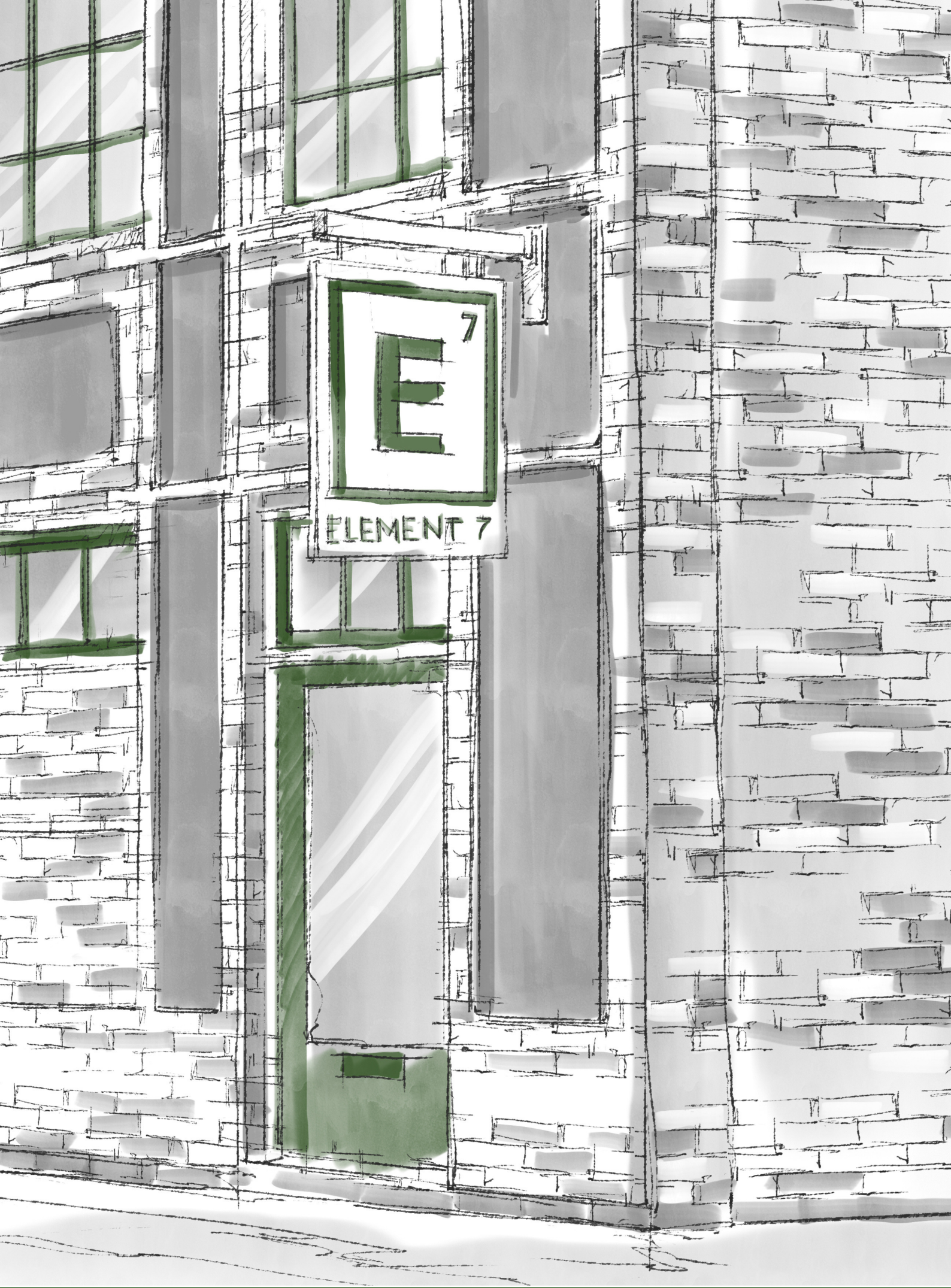
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Our business is located at
272 Reservation Rd. which
is within 500 feet of your proposed business location.
We wish you all the very best in the upcoming process and have no hesitation in supporting your business as a good neighbor and friend of Element 7.

Kind regards, Lorene B. Owner

June 4, 2019

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Our business is located at O'Reilly 250 Reservation Rd which is within 500 feet of your proposed business location.
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Kind regards,

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Our business is located at 250 Reservation Rd #D which is within 500 feet of your proposed business location.
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Our business is located at 250 Reservation Rd #E Coffee Mig
_____ which is within 500 feet of your proposed business location.
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Our business is located at
250 Reservation Rd. Unit I which
is within 500 feet of your proposed business location.
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Kind regards,

M. Christensen - Coastal Ink Tattoo
Mariah Christensen

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Our business is located at
228 Reservation Rd. Marina CA. 93933 which is within 500 feet of your proposed business location.
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Kind regards,

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I don't English

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Sharon Renee Mendez
Sharon R. Mendez