COMMERCIAL CANNABIS

LICENSE APPLICATION CITY OF MARINA

CANNABIS INDOOR CULTIVATION LICENSE M-TYPE AND A-TYPE LICENSES

ELEMENT 7 MARINA LLC www.element7.co





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 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 **3343 Paul Davis Drive**, **Marina** is the optimal site, we believe, for a cannabis cultivation facility that will vertically support our application for a manufacturing, distribution, dispensary and delivery business at **Reservation Road**, **Marina**. With off-street parking for all staff, the site will allow us to cultivate a range of premium cannabis strains and products for our manufacturing lab including live resin, extracts, and concentrates. The combination of licenses at the 2 sites will allow us to be truly vertically integrated within the City, maximizing jobs, taxes (from every aspect of the supply chain), and economic development benefits.

My personal cell phone number is ______. 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

Tony Raffoul Co-Founder

Element 7 Marina LLC



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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.



PREMIUM CANNABIS STRAINS

WORLD-CLASS OPERATIONS

We are currently under contract to lease the premises at 3343 Paul Davis Drive, subject to securing a permit in the City of Marina.

If awarded a cultivation permit at this property, Element 7 would construct an 8,000 square foot cultivation operation that would see us propagate premium and unique strains of cannabis in a series of 1,000 sq.foot rooms, allowing for a perpetual year-round harvest.

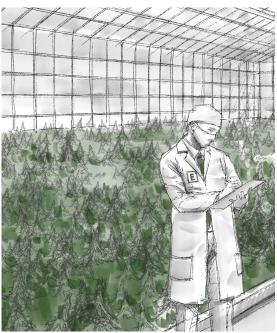
In addition, the Facility would include a small R&D Operation allowing us to cultivate small batches of cannabis in a series of phenotype room which would lead to the production of new strains unique to the Marina.

These strains would be sold within our proposed dispensary and delivery business located at 234 Reservation Road, and through our proposed Distribution License which would allow us to distribute new strains created in Marina to cities and communities across the State of California.



Element 7's Head of Cultivation, Martyn Phillips, has over 20-years of experience cultivating cannabis. Most recently, he headed Medmen's cultivation operations in the State of Nevada. He is a Pest Control Expert, licensed in the State of California, and previously operated Monterey Cannabis Co., one of the State's largest facilities.





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.

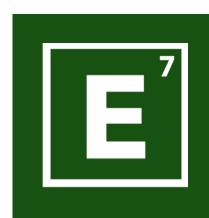


We know that customer education and community engagement are the foundations for widespread attitude shifts that will change how cannabis is viewed, opening up the potential for cannabis as a natural herbal medical treatment. To achieve this vision, our strategic priority is to change the way cannabis 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 experience.

Customers not only want to be engaged, entertained, and educated, they also want a cannabis 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.

This knowledge will also allow us to cultivate premium and unique strains of cannabis that put Marina on the map of California Cannabis Culture.

In much the same way that Tahoe OG, San Fernando Valley OG, and Mendo Breath, have put cannabis regions into the lexicon and jargon of the world's cannabis culture, it is our ambition to create a unique strain from Marina that can achieve these same lofty heights.



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.

Martyn Phillips (Head of Cultivation) has over 20 years of successful cultivation experience in the horticulture industry. Most recently he was MedMen's Head Cultivator in Nevada leading a team of 30 cultivators and gardeners. Martyn has a deep understanding of tissue culture and is excited to create a series of new strains in an Element 7 facility at Marina.



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 and previously worked in the US Attorney General's Office in Miami, Florida.

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.





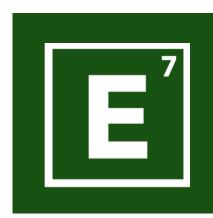




ELEMENT 7 IS FINANCED, FUNDED, AND

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

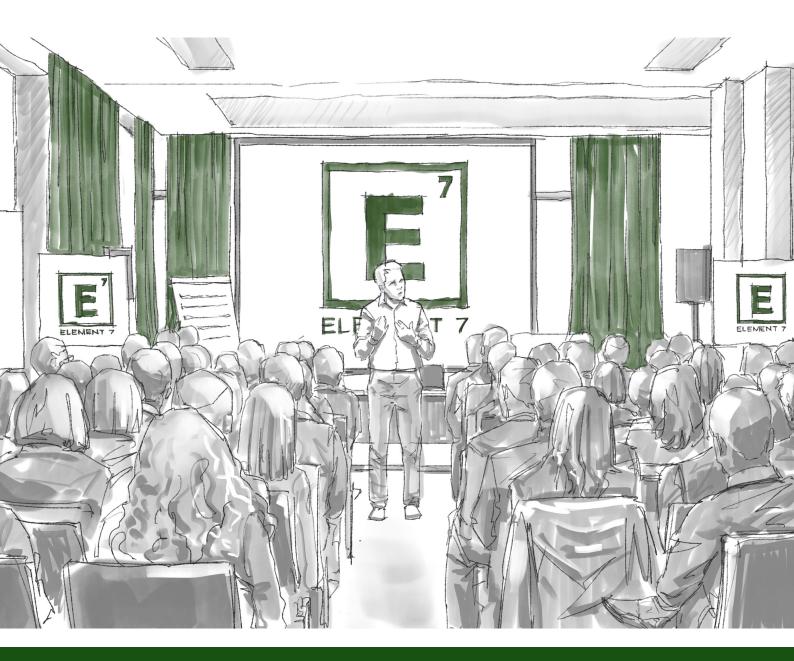
TO BUILD TRUST

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

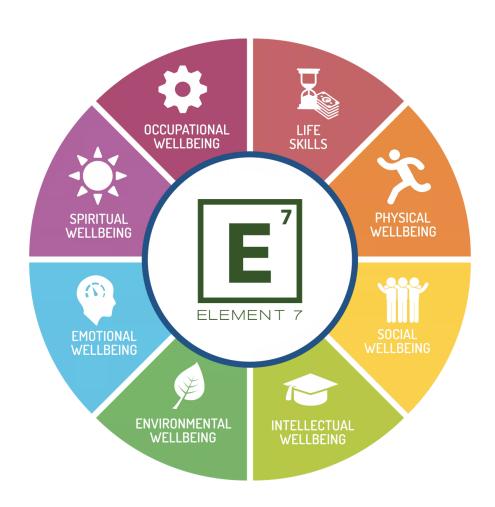
HOLISTIC WELLNESS

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.



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 at its proposed dispensary. 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.

DID YOU KNOW THAT 9 OUT OF EVERY 10 ILLEGAL CANNABIS GROW SITES IN CALIFORNIA USE LETHAL PESTICIDES LIKE CARBOFURAN, POTENT ENOUGH TO KILL A 300-POUND BEAR?

WHAT'S IN YOUR

ONLY BUY CANNABIS YOU CAN TRUST FROM A LEGAL, LICENSED, CONTROLLED AND COMPLIANT OPERATOR.

CANNABIS?



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 and vertical operator.

UCLAAnderson

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 cannabis 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 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.

If awarded a cultivation permit on the property at 3343 Paul Davis Drive, Element 7 would have the opportunity to create Marina's first truly vertically integrated cannabis operation, which would position the City to extract maximum taxation dollars from the market.

We are excited to partner with the City to achieve our shared ambitions and believe that a cannabis cultivation operation in the City of Marina that is built, operated and managed by one of the industry's top cultivation talent, Martyn Phillips, will propel Marina into a new era of compliant cannabis operations that sets a standard across the State of California.

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 NA | ME: ELEMENT 7 | MARINA, LLC | | |
|---|---|---------------------|-----------------------------------|--|
| DBA: | | | | |
| Proposed Address/Location: <u>334</u> | 3 PAUL DAVIS D | RIVE, MARINA, O | CA 93933 | |
| Assessor's Parcel Number (APN): | | | | |
| PRIMARY CONTACT: ROBERT | DIVITO | | | |
| Title: OWNER | | | | |
| Address: | | | | |
| Phone: | | Email: | | |
| 24-Hour Contact Information: R | OBERT DIVITO | | | |
| PROPERTY OWNER NAME: ELEN | MENT 7 LLC | | | |
| Address: | | | | |
| Phone: | | Email: | | |
| Commercial Cannabis Business I category, indicate whether you at type of license you are applying fo ☐ Retailer (A/M) – Type: ☐ Manufacturing (A/M) – Ty ☐ Cultivation (A/M) | re applying for Adu or per the State's lid | ılt-Use ("A") or Me | dicinal ("M"), and, when applicat | |
| For details about the information re Marina Municipal Code Chapter 19 can be found online at: | | | | |

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: _ | VNER |
| Home | dress: |
| Phone | |
| Signatı | Date: <u>5/31/2019</u> |
| | enalty of perjury, I acknowledge that I have personal knowledge of the information stated in this on and that the information contained herein is true. I also understand that the information provided in |
| this ap | cation, except the Safety and Security Plan and certain confidential information such as Driver's License I Security number(s) which can be redacted, may be public information and subject to disclosure under rnia Public Records Act. |
| Name: | TONY RAFFOUL |
| Title: _ | VNER |
| Home | dress: |
| Phone | |
| Signatı | : Tony Raffoul Date: 5/31/2019 |
| applica this ap and So | enalty of perjury, I acknowledge that I have personal knowledge of the information stated in this on and that the information contained herein is true. I also understand that the information provided in cation, except the Safety and Security Plan and certain confidential information such as Driver's License I Security number(s) which can be redacted, may be public information and subject to disclosure under rnia Public Records Act. |
| Name: | |
| Title: _ | |
| Home | dress: |
| Phone | |
| Signati | : 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 th three years prior to the year of the permit application, such other licenses and/or permits relating to simila |
|---|
| 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 substantiall related to the qualifications, functions or duties of a cannabis operator, applicant, owner or employee. Acconviction 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: IONE OLSON ELEMENTARY SCHOOL - 261 Beach Road, Marina, CA 93933 |
| TONE GEOCIA ELEMENTARA GOLIOGE - 201 Beach Road, Marina, GA 30000 |
| Name and address of existing alcohol-related establishment closest to proposed location: |
| CIMA COLLINA WINERY - 3344 Paul Davis Drive #6, Marina, CA 93933 |
| Have you received a Zoning Verification Letter? (Please check the appropriate response) |
| $oxtimes$ Yes (include the letter in your application) \Box No |
| Describe the neighborhood around the proposed location (i.e., surrounding uses; nearby sensitive uses such a 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:

- ☑ 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.

1

| ROBERT DIVITO | |
|---------------|-----------|
| Name | Signature |
| OWNER | 5/31/2019 |
| Title | Date |

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 2019-14

| Applicant: | Fran Spector Atkins | | |
|--------------------|-------------------------|---|--|
| APN: | 032-281-025-000 | | |
| Situs Address: | 3343 Pai | ul Davis Drive Marina, CA 93933 | |
| Property Owner: | Fran Spe | ran Spector Atkins | |
| Proposed Land Use: | × × | Adult Cannabis Dispensary | |
| | 70 1 | Medical Cannabis Dispensary | |
| Zoning District: |) 1 1 1 | 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: | X I | Indoor Cultivation | |
| Zoning District: | Ţ | ☐ 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: | M DK | Mixed Light Cultivation | |
| Zoning District: | <u> </u> | 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: | 太 | 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: Meat distributor, BP/P South: Single-family residential, R-1 East: Winery/roofing company, BP/P

West: Vacant lot, BP/P

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. 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:

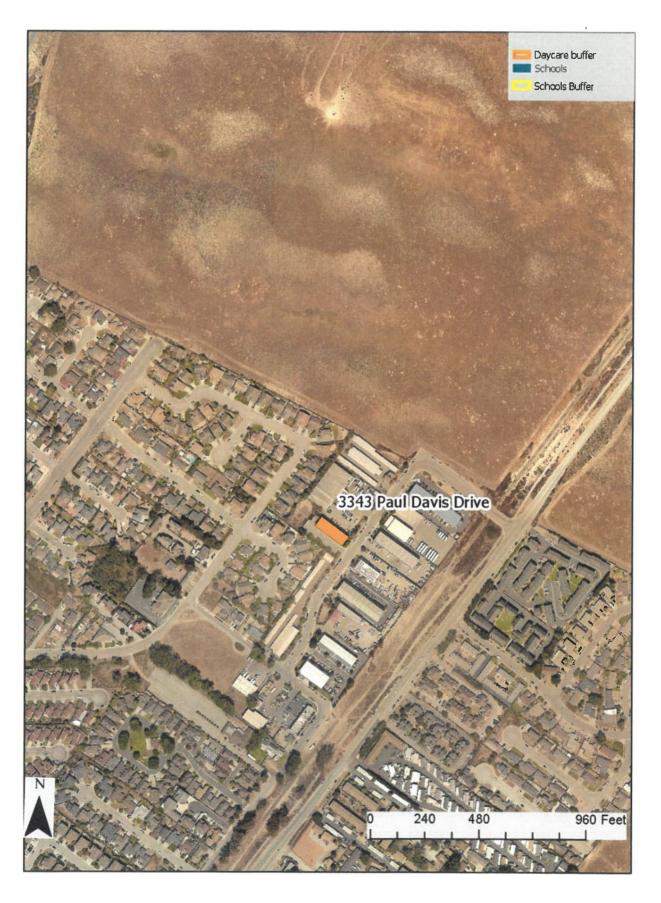
- 1. The parcel is located more than 600 feet from the nearest daycare, as shown on the attached map
- 2. The parcel is located more than 600 feet from the nearest school, as shown on the attached map

| 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 21, 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.

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.

| Name Fran Spector Atkins | Signature |
|--------------------------|--------------|
| Title | Jule 5, 2019 |

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 5 day of June, 2019, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

He although Jwat

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 <u>CA</u> County of <u>Monterey</u>

Subscribed and sworn to (or affirmed) before me on this <u>5th</u> day of <u>June</u>, <u>2019</u>, by <u>Fran Spector Atkins</u>, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature

Name

Heather Tremper (typed or printed)

HEATHER TREMPER
Commission # 2145081
Motsry Public - California
Monterey County
My Comm, Expires Mar 29, 2020

(This area for official notarial seal)

HEATHER TREMPER
Commission # 2145081
Notary Public - California
Monterey County
My Comm. Expires Mar 29, 2020

Cuy oj marma



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: 3343 Paul Davis Most Current Assessor's Parcel Number: 533-281-02 | Drive MAKINA CH 93933 |
|--|---|
| Nost Current Assessor's Parcel Number: <u>633 - 281 - 62</u> | ? <u>5</u> |
| Applicant(s): | |
| Name: | |
| Mailing Address: | |
| Phone:Email: | |
| 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 iling. I agree to allow the Community Development Department to luplicate and distribute plans to interested persons as it letermines is necessary for the processing of the application. The Great Call Gail 30 20 9 | 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. |
| Date Date | Signed 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 idequately review and report on the proposed project. Your signature below certifies that you agree to give the Dity 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. | 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 of 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 of proceeding, or that the City fails to cooperate fully in the defense of said claim, this condition shall thereafter be of no further force of effect. |
| Signed Date | Signed Date |
| For Office Use Only: Date Application Submitted: Date Application Complete: | _ Fee Collected: \$ Receipt Number: |
| ile Number(s): | |
| Planner Initials: Associated Permits: | |



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

Re: Will Serve Letter - Insurance

To Whom It May Concern:

Element 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 Hesperia 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
(949)861-4801
nbosza@mjriskmanagement.com

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.

2

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

| Applicant(s)/Owner(s): | //_ |
|-----------------------------------|-----------------------------------|
| TONY Raffoul | Tow Whi |
| Printed Name | Signature |
| ROBERT DIVITO | |
| Printed Name | Signature |
| Property Owner(s): (if different) | |
| | The same the same of the contract |
| Printed Name | Signature |
| Printed Name | Signature |
| Printed Name | Signature |

to fully and timely comply with all of the foregoing terms and conditions. Applicant(s)/Owner(s): **Printed Name** Signature **Printed Name** Signature Printed Name Signature **Printed Name** Signature **Printed Name** Signature Property Owner(s): (if different)

From Sie to atom

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

Printed Name and Title

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.

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.

| Name Fran Spector Atkins | Signature |
|--------------------------|---------------------|
| Title | Jue 5, 2019 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 5 day of June, 2019, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

He although Jwat

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 <u>CA</u> County of <u>Monterey</u>

Subscribed and sworn to (or affirmed) before me on this <u>5th</u> day of <u>June</u>, <u>2019</u>, by <u>Fran Spector Atkins</u>, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature

Name

Heather Tremper (typed or printed)

HEATHER TREMPER
Commission # 2145081
Motsry Public - California
Monterey County
My Comm, Expires Mar 29, 2020

(This area for official notarial seal)

HEATHER TREMPER
Commission # 2145081
Notary Public - California
Monterey County
My Comm. Expires Mar 29, 2020



COMMERCIAL REAL ESTATE

May 10, 2019

Peter Baird Mahoney & Associates 501 Abrego Street Monterey, CA 93940

Dear Peter;

I am pleased to present this Letter of Intent on behalf of Element 7, LLC for the lease of the light industrial space located at 3343 Paul Davis Drive, Marina, CA 93933.

- 1. Premises: Approximately 8,550 sq. ft. of light industrial/flex space, located at 3343 Paul Davis Drive, Marina.
- 2. Lessee: Element 7, LLC.
- 3. Use: Lawfully permitted cannabis use.
- 4. Term: Five (5) Years initial term, with Two (2) Five (5) Year Options to Renew.
- 5. Commencement Date: The First day of the month following the City of Marina issuing Lessee an approved cannabis license.
- 6. Rental Rate: \$15,390 per month (\$1.80psf), Absolute NNN.
- 7. Delivery Conditions: Lessee accepts the Premises "as is".
- **8. Operating Expenses:** Lessee shall be responsible for paying all expenses associated with the property, including but not limited to taxes and insurance.
- 9. Maintenance and Repair: Lessee, at their own expense, shall maintain in a working condition, all portions of the Premises, including but not limited to walls of the Building, roof and roof covering, exterior walls, concrete slab and all mechanical, plumbing and electrical systems serving the Premises.
- 10. Parking: Lessee shall have exclusive use of the property's parking lot.
- 11. Signage: Lessee, at Lessee's sole cost and expense, will be allowed to provide its signage in accordance with building and City standards and be allowed to have signage on building, windows and property.
- 12. Prepaid Rent/Security Deposit: Upon execution of this Lease, Lessee shall pay for the first month's rent and a security deposit equal to One and One Half Months rent.
- 13. Financials: Lessee will provide Lessor with a financial statement and current credit report, which shall be subject to Lessor's review and approval.
- 14. Review by Legal Counsel: Execution of the final Lease Agreement has serious legal consequences and it is therefore recommended that Lessee and Lessee have their legal counsel review and approve same prior to execution.
- 15. Rental Increases: The monthly base rent shall increase annually by four percent (4%) on every 12 month anniversary of the Lease Commencement Date.



- 16. Confidentiality: Lessor and Lessee will treat this proposal as confidential until such time as a Lessor-Lessee Agreement is accepted by both parties.
- 17. Application Documents: Lessor shall provide to Lessee, prior to the City of Marina deadline for application submittal, Evidence of Neighborhood Compatibility of surrounding property owners (Page twenty of Marina City Ordinance 20-18, paragraph 1(c)i). Lessor shall also provide Lessee with the requisite City of Marina Planning Application Statement, fully executed by City of Marina and Lessor, both items of which are city requirements for an application to be deemed complete.
- 18. Addendum #1: Addendum#1, attached hereto, is incorporated herein by reference.
- 19. Guarantee: Lessee agrees to execute a personal guaranty contemporaneously with the execution of the lease.
- 20. Non Binding: The foregoing provision of this letter shall <u>not</u> be binding upon the parties but are merely an invitation to negotiate a lease that is subject to the above-mentioned terms, condition and business points, and shall not be deemed an offer to lease, an agreement to negotiate, a lease or any other agreement, or to confer any rights of usage or occupancy. The parties further acknowledge that the foregoing does not address all essential terms of the transaction contemplated by this letter and that such essential terms will be the subject of further negotiation. The foregoing provisions are subject to withdrawal and modification, at any time, by either party, without cause, and there shall be no legal obligation with respect thereto unless and until the parties execute and deliver a formal lease agreement designated as such. The parties acknowledge and agree that either party shall have the right to terminate any negotiation of a formal agreement for any reason or no reason and that neither party owes the other party any duty to negotiate a formal agreement.
- 21. Time is of the Essence: The terms and conditions of this Proposal shall expire and be null and void unless executed below by Lessee and Lessee prior to Lessor's discretionary date.

| AGREED TH | HIS DATE: | |
|--------------------------------------|---------------------|------------------------|
| Lessee: By: Address: Email: | Element 7, LLC | Date: 13.5.19. Phone: |
| Lessor: By: | FLAN SPECTOR ATTINS | Date: $5 - 20 - 19$ |

Addendum #1

3343 Paul Davis Drive, Marina, Ca. APN: 033-281-025

This letter is intended to outline the Lessor's tentative procedure as it relates to entertaining offers of interest in this building.

Lessor is prepared to take under submission multiple Letters of Intent ("LOI") to lease the Property for cannabis use and will execute a Lease for the same with the Lessee who has:

- a. Submitted a valid and complete application with the City of Marina; and
- b. Submitted a financial statement to Lessor that is approved by Lessor; and
- c. Submitted a credit report to Lessor that is approved by Lessor; and
- d. Submits a written declaration to execute a personal guarantee contemporaneously with the execution of the Lease for the Property, personally guaranteeing their performances of the Lease; and
- e. Is awarded a permit(s) by the City of Marina; and
- f. Is awarded the highest score by the City of Marina and its consultant (HdL) of LOI's which were submitted for this property.

Upon submission and approval of the LOI and the supplemental documentation set forth in Sections (b), (c) and (d) above to Lessor, Lessor will draft a Property Owner Approval letter for submission with the prospective Lessee's application to the City of Marina. The Property Owner Approval shall indicate that:

- 1. The property owner is aware of and approves the use being proposed.
- 2. The property owner will lease the property to the cannabis related use upon approval of application and satisfaction of the six (6) conditions set forth in section (a) through (f), hereinabove.
- 3. The property owner understands that licenses for cannabis related uses are for one year and can be revoked at the City's sole discretion with or without reason.

Lessee understands that any decision to Lease the Property will be at the sole discretion of Lessor, and submission of the LOI and the application to the City of Marina creates no rights in the Lessee with respect to the Lease. In the event of a tie, if the City of Marina and/or its agents are not willing to break the tie, Lessor reserves the right to break the tie in a manner of Lessor's choosing.

LESSEE: Robert DiVito DATE: May 20, 2019

Fran Spector Uteins 5/21/

DATE

Cuy oj marma



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: 3343 Paul Davis Nost Current Assessor's Parcel Number: 533-281-06 | Drive MAKINACK 93933 |
|---|--|
| flost Current Assessor's Parcel Number: 1053 - 281- 02 | <u>'</u> |
| \pplicant(s): | |
| Name: | |
| Mailing Address: | |
| Phone:Email: | |
| 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 iling. I agree to allow the Community Development Department to luplicate and distribute plans to interested persons as it letermines is necessary for the processing of the application. Then Great Cath Gail and August 2019. | 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. |
| Date | Signed Date |
| Permission to Access Property his 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 dequately review and report on the proposed project. Your signature below certifies that you agree to give the Dity permission to access the project site from 8 a.m. to 5 p.m., Nonday through Friday, as part of the normal review of this slanning application. Date | Indemnification Agreement: The Owner/Applicant shall defend, indemnify and hold harmles the City or its agents or officers and employees from any claim action or proceeding against the City or its agents, officers of 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 of proceeding, or that the City fails to cooperate fully in the defense of said claim, this condition shall thereafter be of no further force of effect. Signed Date |
| For Office Use Only: Date Application Submitted: Date Application Complete: File Number(s): Planner Initials: Associated Permits: | Fee Collected: \$ Receipt Number: |



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

| | | CAN | INABIS BUSI | NESS | INFORMA | ATION | | | | |
|---|------------------------|-----------------------------|----------------------------|--|-----------------|----------------|---|-----------------|-----------|---------------------|
| CANNABIS BUSINESS NAME/DE | 3A | Mb. sp. s Marrie Server Web | | IN | THE BUSINESS | , ARE YOU AN | : (CHOOSE | ONE) | BADGE | ID REQUEST |
| ELEMENT 7 MAR | ELEMENT 7 MARINA, LLC | | | | Owner/Principal | | Employee | ee 🗆 ID Request | | |
| BUSINESS ADDRESS, CITY, STATE, ZIP CODE | | | | | | | STATE BL | JSINESS L | ICENSE N | JMBER (if known) |
| 8033 SUNSET BLV | D # 987, ł | HOLLYWOO | DD, CA 9004 | 6 | | | | | | |
| | | | APPLICANT | INFO | RMATIO | N | | i Faci | | |
| Social Security Nur | mber | LAST NAME O | ON SOCIAL SECURITY | CARD | FIRST NAME O | N SOCIAL SECU | JRITY CARD | MIDDLE | NAME ON S | OCIAL SECURITY CARI |
| | | DIVITO J | IR | | ROBER1 | | | MAR' | TIN | |
| Driver's License #/ | State | LAST NAM | E ON DRIVER'S LICEN | ISE | FIRST NAM | E ON DRIVER'S | LICENSE | MIDDL | E NAME O | N DRIVER'S LICENSE |
| | | DIVITO | JR | | ROBER | T | | MAR | TIN | |
| SEX | AGE | DATE C | OF BIRTH | RACE | HEIGHT | WEI | GHT | HAI | R | EYES |
| X Male □ Female | | | | С | 5'8" | 175 | | BRN | E | BLU |
| IST YOUR CURRENT HOME AD | DRESS, CITY, | ZIP CODE (NO P.C | . BOXES ALLOWED | 2) | | | | | CELL F | PHONE # |
| | | | | | | | | | | |
| IST ANY OTHER NAMES YOU F | IAVE EVER US | SED (Maiden, Mar | ried, Nicknames, e | tc.) | | BIRTH COUNT | RY/STATE | | | SES SPOKEN |
| | | | | 70.2 1002 | | | *************************************** | ENG | LISH | |
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| F ADDITIONAL SPACE I ANY FALSE OR MISLEAD APPLICATION, SHALL BE | S NEEDED, ING STATE | , ATTACH EXT | RA SHEETS TO | THIS | APPLICATI | ON. PLEA | SE READ | THE AF | | |
| ARREST DATE | | ARRESTING AGEN | NCY / LOCATION / C | COURT | NAME | REASON F | OR ARREST | / VIOLATI | ION CODE | |
| DISPOSITION (WHAT WAS | S THE OUTCO | ME OF THE CASE: | Were you sentend | ed? Did | you have to p | ay a fine? Pro | bation? Pard | ole? Etc.) | | |
| ARREST DATE | | ARRESTING AGEN | NCY / LOCATION / (| COURT | NAME | REASON F | OR ARREST | / VIOLAT | ION CODE | |
| 2 DISPOSITION (WHAT WAS | S THE OUTCO | ME OF THE CASE: | Were you sentend | ed? Did | you have to p | ay a fine? Pro | bation? Pare | ole? Etc.) | | |
| | THE WAY | | CITY STA | FF U | SE ONLY | | | | | YEAR OLD STAN |
| DATE / TIME | \$ FEE A | MOUNT PAID | RECEIP | T# | | CITY STAFF' | SNAME | | CITY | EPARTMENT |

| | CRIMINAL HIS | STORY (cont.) | | |
|--------------------------------|--|--|----------------------------|--|
| ARREST DATE | ARRESTING AGENCY / LOCATION / COUR | RT NAME REA | SON FOR ARREST | T / VIOLATION CODE |
| 3 DISPOSITION (WHAT WAS THE OU | TCOME OF THE CASE: Were you sentenced | ? Did you have to pay a fir | ne? Probation? P | arole? Etc.) |
| ARREST DATE | ARRESTING AGENCY / LOCATION / COU | RT NAME REA | SON FOR ARRES | T / VIOLATION CODE |
| DISPOSITION (WHAT WAS THE OU | TCOME OF THE CASE: Were you sentenced | ? Did you have to pay a fir | ne? Probation? P | arole? Etc.) |
| ARREST DATE | ARRESTING AGENCY / LOCATION / COU | RT NAME REA | SON FOR ARRES | T / VIOLATION CODE |
| 5 DISPOSITION (WHAT WAS THE OU | TCOME OF THE CASE: Were you sentenced | ? Did you have to pay a fir | ne? Probation? P | Parole? Etc.) |
| | PRIOR REGULATED CA | ANNABIS EMPLO | /ERS | |
| 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 |
| | | And the second of the second o | Constitution of the second | |
| | STATEMENT | | | |
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| | STATEMENT RIURY, UNDER THE LAWS OF THE STATE OF (| OF PERJURY | PREGOING IS TRU | JE AND CORRECT TO THE BEST OF MY DATE |
| KNOWLEDGE. | STATEMENT RIURY, UNDER THE LAWS OF THE STATE OF (| OF PERJURY CALIFORNIA, THAT THE FO | | |

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 | |



REQUEST FOR LIVE SCAN SERVICE

Alfrida.

| A1300 | License | |
|---|--|--|
| ORI (Code assigned by DOJ) | Authorized Applicant Type | |
| Canna bis | | |
| Type of License/Certification/Permit OR Working Title (Maximum 30 characters | s - If assigned by DOJ, use exact fitte assigned) | and the same of |
| Contributing Agency Information: | 1.12 8 1 12 | |
| MARINA POLICE DEPARTMENT Agency Authorized to Receive Criminal Record Information | 00422 | |
| 211 HILLCREST AVE | Mall Code (five-digit code assigna | ed by DOJ) |
| Street Address or P.O. Box | MARIA ESPARZA Contact Name (mandatory for all | school submissions) |
| MARINA CA 93933 | (831) 884-1293 | |
| City State ZIP Code | Contact Telephone Number | · · · · · · · · · · · · · · · · · · · |
| Applicant Information: | | |
| DIVITO | ROBERT | M. JF |
| Last Name | First Name | Middle Initial Suff |
| Other Name (AKA or Alias) Last | The state of the s | |
| (Alor of Alids) | First | Suff |
| Date of Birth Sex X Male Female | Drivers License Number | The second secon |
| 5'8" 175 BLUE BROWN | Billing | |
| Height Weight Eye Color Hair Color | Number | |
| a of Pith (Chair as Country) | (Agency Biting Number) Misc. | |
| e of Birth (State or Country) Social Security Number | Number | , |
| Home y | | |
| Address Street Address or P.O. Box HOW LONG AT RESIDENCE 4 YEARS | City DITONIA 4 212 | -823-7638 State ZIP Code |
| ACH BOILG AT RESIDENCE | PHONE # 312 | -823-7038 |
| Your Number: | Level of Service: X DC | J 🖟 FBI |
| OCA Number (Agency Identifying Number) | Level of Service: DC | A I I DI |
| | | |
| f re-submission, list original ATI number: | Odeles ATIN | |
| Must provide proof of rejection) | Original ATI Number | |
| Employer (Additional response for a series are all and but he | | |
| Employer (Additional response for agencies specified by statute): | ×i. | |
| Employer Name | Mall Code (five digit code assigned | Thy DO A |
| | mail oddo (mrc digit code assignet | 1 by BO3) |
| Street Address or P.O. Box | * | |
| | | |
| City State ZIP Code | Telephone Number (optional) | - American |
| h- 0- T | 55 (4)K | |
| Live Scan Transaction Completed By: | -1, 1- | |
| rarassa salado | 5/16/19 | |
| lame of Operator | Date OTOGE | 0000010000 |
| 'AMOULCENTER UPS | 13136DIR8SS | 20.00 32.00 |
| mitting Agency LSID | ATI Number | Amount Collected/Billed |

BACKGROUND CHECK IDENTIFICATION FORMS



Robert Martin DiVito Jr., Owner

Picture of Principal

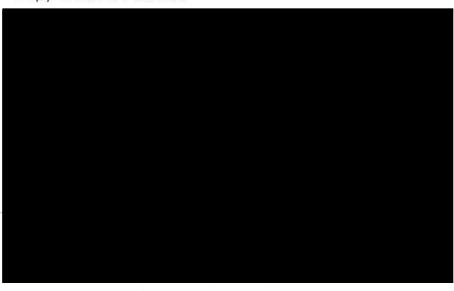




Copy of Social Security Card



Copy of Driver's License



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

| | | CANNA | BIS BUSINESS | INFORM | ATION | | | |
|--|--|---|--|--|--|--|--|--|
| ANNABIS BUSINESS NAME | /DBA | | IN | IN THE BUSINESS, ARE YOU AN: (CHOOSE ONE) BADG | | | BADGE ID REQUEST | |
| ELEMENT 7 MA | RINA, LL | С | | Owner/Principal Employe | | | e 🔲 ID Request | |
| USINESS ADDRESS, CITY, STATE, ZIP CODE | | | | Anthu un Seit Innunt (Iran 11 44) | | STATE BI | USINESS LICE | NSE NUMBER (if known) |
| 8033 SUNSET BL | VD #987, | HOLLYWOOD, | CA 90046 | | | | | |
| | | AF | PLICANT INFO | DRMATIO | N | | | |
| Social Security | Number | LAST NAME ON SO | CIAL SECURITY CARD | FIRST NAME O | ON SOCIAL SECU | RITY CARD | MIDDLE NAM | ME ON SOCIAL SECURITY CAR |
| | | RAFFOUL | | TONY | | | | |
| Driver's License | #/State | LAST NAME ON | DRIVER'S LICENSE | - FIRST NAM | E ON DRIVER'S | LICENSE | MIDDLEN | AME ON DRIVER'S LICENSE |
| | | RAFFOUL | | TONY | | | | |
| SEX | AGE | DATE OF BIF | RTH RACE | HEIGHT | WEIG | SHT | HAIR | EYES |
| X Male □ Female | 36 | | | 5'8" | 165 | | BLK | BRN |
| | | ZIP CODE (<i>NO P.O. BO</i> | | E | BIRTH COUNTI | RY/STATE | | NGUAGES SPOKEN E, GREEK, ARABIC, |
| IST ANY OTHER NAMES YO | | | | E | BIRTH COUNTI | RY/STATE | | |
| | U HAVE EVER US | SED (Maiden, Married, | Nicknames, etc.) | ISTORY | | | LEBANES ENGLISH | NGUAGES SPOKEN E, GREEK, ARABIC, SPANISH, GERMAN |
| | U HAVE EVER US | | Nicknames, etc.) | ISTORY | | | LEBANES ENGLISH | |
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| | | | CRIMINAL HI | STORY (co | nt.) | | |
|-------------|--|--|---|--|--|---------------------------|--|
| | ARREST DATE | ARRESTING | GAGENCY / LOCATION / COU | | | R ARREST , | / VIOLATION CODE |
| 3 | DISPOSITION (WHAT WAS THE | E OUTCOME OF TH | E CASE: Were you sentence: | d? Did you have | to nav a fine? Prol | hation? Par | rale2 Stc l |
| | | | , | 2. 5.0 , 50 | to pay a mile | Jacon, Fe. | ole: Etc.) |
| | ARREST DATE | REST DATE ARRESTING AGENCY / LOCATION / COURT NAME | | REASON FO | REASON FOR ARREST / VIOLATION CODE | | |
| 4 | DISPOSITION (WHAT WAS THE | E OUTCOME OF TH | E CASE: Were you sentenced | d? Did vou have | to pay a fine? Prob | pation? Par | role? Ftc.) |
| | | | | The state of the s | | | ord. Etc.y |
| | ARREST DATE | ARRESTING | GAGENCY / LOCATION / COU | IRT NAME | REASON FO | R ARREST / | VIOLATION CODE |
| 5 | DISPOSITION (WHAT WAS THE | OUTCOME OF TH | E CASE: Were you sentenced | f? Did you have | to pay a fine? Prok | oation? Par | role? Etc.) |
| | | | | | | | |
| | | PR | IOR REGULATED CA | ANNABIS E | MPLOYERS | | |
| BUSI | NESS NAME | CITY / STAT | re | PHONE | START | DATE | END DATE |
| _ | TECOMOCOCO | | | | | | |
| | | | STATEMENT | OF BERUI | | | |
| I DEC | CLARE UNDER THE PENALTY OF | PERJURY, UNDER 1 | STATEMENT THE LAWS OF THE STATE OF | | | IG IS TRUE | AND CORRECT TO THE BEST OF MY |
| KNO | WLEDGE. APPLICANT SIGNATU | | JOB TITLE (POSITIO | | | T | DATE |
| | Torso My | 1 | | | icanien | | |
| × | CPIN | AINIAL BACK | OWNER | THETONY | INVESTICAT | 05/13/ | |
| то | Whom It May Concern: | MINAL BACKS | GROUND & CREDIT | HISTORY | INVESTIGAT | ION KE | LEASE |
| 1 | | f a Commercial (| Cannabis Business in the (| City of Marina. | I desire and re | quest the | City Manager, or Chief of Police |
| of | the City of Marina, and/o | or his/her agents | s, employee or lawful r | epresentative(| (s) to take my | photogra | ph and fingerprints or use the |
| obt | tain a Commercial Cannabis | s Business Permi | t to operate or to be em | iployed with s | uch business as | required | et the qualifications required to by the City Municipal Code and |
| | ite Law. gree to provide any informa | ation requested (| or deemed necessary to a | arovide to the | State of Californ | sia Denar | tment of Justice and the Federal |
| Bur | reau of Investigation, or any | y other law enfor | cement agency or third-p | arty consultan | nt authorized by | the City N | Manager or Chief of Police. |
| l ur the | nderstand this will serve to a city of Marina its officers, | disclose any reco | ord of arrests to which I had been sentated in the series of the series | ave been the s | subject that resu | ulted in co | onviction. I further agree to hold nages whatsoever or at all which |
| ma | ly result from the taking of | f such fingerprin | its or forwarding them to | o the appropr | riate law enforce | ement ag | ency for a record check and/or |
| Em | ployee Permit. | r documentation | r which pertains to mee | iting the quan | ification for a c | .ommerci | al Cannabis Business Permit or |
| Fur obt | rthermore, I hereby authori: tain and review my consume | ze the City Mana er credit report a | ager or Chief of Police of and/or any other credit re | the City and/o | or his/her agents tion pertaining t | s, employ o me. | ee or lawful representative(s) to |
| and | signing this form, I acknowld/or omitting any information or distribution of the contract of t | ledge and agree on on this applica | to comply with all the co ation may be grounds for | onditions and t denial of a pe | erms of this app rmit or is ground | olication. ds for terr | I also understand that falsifying mination of employment per the |
| vot | PLICANT SIGNATURE | | APPLICANT NAME (PRINT) | HETCHINA COMPANY OF THE STREET | | DATE | A STATE OF THE STA |
| | Tor 2 Repul | | TONY RAFFOUL | | | 05/13 | 3/2019 |



REQUEST FOR LIVE SCAN SERVICE

| Applicant Submission Car | nnabis License Authorized Applicant Type |
|--|--|
| A1300 ORI (Code gesigned by DOJ) | Authorized Applicant Type |
| Type of License/Certification/Permit OR Working Title (Maximum 30 charact | serij - If assigned by the . |
| | by DCJ, use exact file assigned) |
| Contributing Agency Information: MARINA POLICE DEPARTMENT | 00422 |
| Agency Authorized to Receive Criminal Record Information | Mail Code (five-digit code assigned by DCI) |
| 211 HILLCREST AVE | WARIA ESPADA |
| Street Address or P.O. Box MARINA CA 93933 | Contact Name (mandatory for all school submissions) (831) 884-1293 |
| MARINA CA 93933 City State ZIP Code | Contact Telephone Number |
| Applicant Information: | |
| RAFFOUL | First Name Additional State |
| Lest Name | First Name Middle Initial Suffix |
| Other Name (AKA or Alias) Last | First Suffix |
| Sex 🔀 Male 🔲 Female | |
| Delica de la | Briver's License Number |
| Height Waight Eye Color Hair Color | Number . |
| regit ringin also see | (Agency Billing Number) |
| ace of Birth (State or Country) Social Security Number | Number |
| | (Other Idealiferation Municipal |
| Home Address Street Address or P.O. Box | |
| HOW LONG AT RESIDENCE 41/5 Years | PHONE |
| our Number: | Level of Service: 🛛 DOJ 📝 FBI |
| OCA Number (Agency Identifying Number) | Tester of Gel Alce. M 200 M 121 |
| | |
| re-submission, list original ATI number: fust provide proof of rejection) | Original ATI Number |
| nployer (Additional response for agencies specified by statut | e)· |
| . Proyer (Additional response for agentices specified by status | |
| nployer Name | Mall Code (five digit code assigned by DOJ) |
| | |
| reet Address or P.O. Box | |
| y State ZIP Code | Telephone Number (optional) |
| Son Transaction Completed Physics | ,) |
| e Scan Transaction Completed By: | =/17/19 |
| NOA L. hopez | <u> </u> |
| of Operator | Date = 74000001 2 |
| | |
| mitting Agency LSID | ATI Number Amount Collected/Billed |

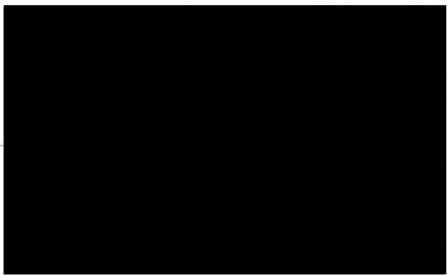
BACKGROUND CHECK IDENTIFICATION FORMS Tony Raffoul, Owner

Picture of Principal





Copy of Social Security Card





Proof of Address





LLC-12

19-A93832

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

1.

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

| | This Space For Office Use Only |
|---|---|
| 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 201905610561

3. State, Foreign Country or Place of Organization (only if formed outside of California)

CALIFORNIA

| A | Business | ALL | |
|----|----------|-----|--------|
| 4. | business | ACC | resses |

| a. Street Address of Principal Office - Do not list a P.O. Box | City (no abbreviations) Los Angeles | State | Zip Code |
|---|-------------------------------------|----------|-------------------|
| 7936 Hillside Ave. | | CA | 90046 |
| b. Mailing Address of LLC, if different than item 4a | City (no abbreviations) Los Angeles | State | Zip Code |
| 7936 Hillside Ave. | | 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. | City (no abbreviations) Los Angeles | State CA | Zip Code 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 <u>and</u> 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 Robert | Middle Name M. | Last Name Divito | Suffix |
|---|----------------|---------------------|--------|
| b. Entity Name - Do not complete Item 5a | | | |
| b. Emily Name - Do not complete item 3a | | | |

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 |

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

| Middle Name | Last Name | | Suffix |
|-------------------------|-----------|-------------------|------------------|
| City (no abbreviations) | | State | Zip Code |
| | | 200 May 100 May 2 | 2002 to 10000000 |

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 (On | tional) (For communication from the Secretary of State related to the | nis document or if purchasing | conv of the filed document enter the n | ama 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:





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)

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.



TONY 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 cofounders 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-CHITSOU 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.

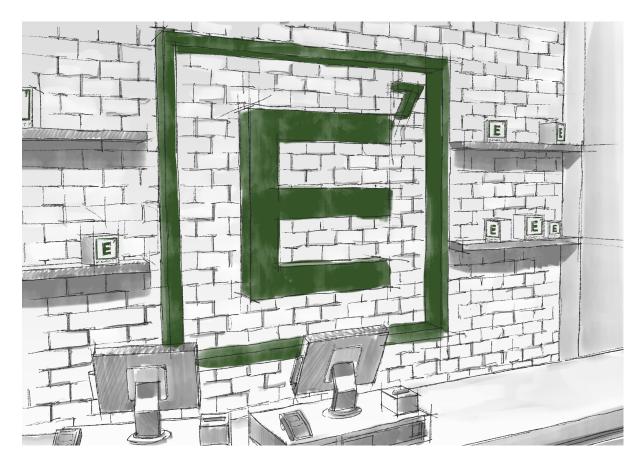
Alcohol Industry Management Experience

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 oxylON, a leader in clean air technology that removes pathogens from handling areas for the food and agriculture industry. Element 7 has been working with oxylON 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 oxylON 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

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

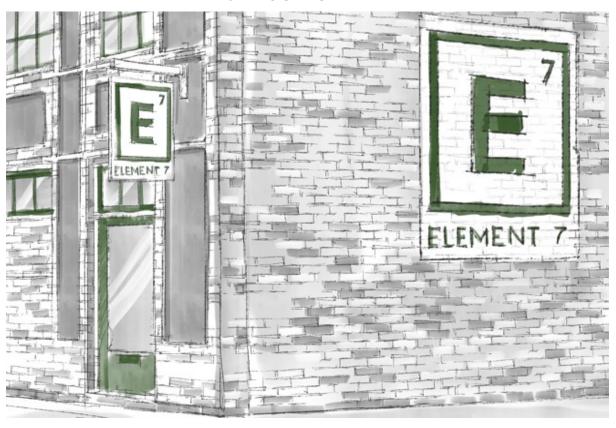
Cannabis creates uncertainty and apprehension and we know many Cities are concerned with the negative issues that the cannabis industry (and some of the operators) create. "**Uncertainty**" includes financial stability, long-term operator intentions, history of the applicants, background of operators, 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.



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

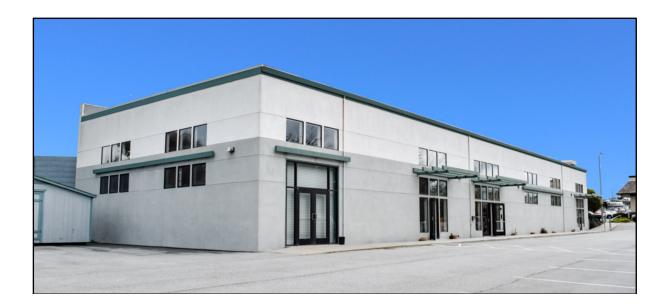
We have secured the following property for our commercial cannabis application (we are under contract to purchase this property with closing to take place after securing the desired permits):

| Property Address | 3343 Paul David Drive, Marina, California 93933 |
|------------------------------|---|
| Assessor Parcel Number (APN) | 033-281-025 |
| Zoning | Industrial |
| Land Use Type | Warehouse |
| Lot Size | 8,500 Sq. Ft. |
| Building (Premises) Size | 8,500 Sq. Ft. |
| Property Owner | Fran Spector Atkins |



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.

Our design concept is designed to be eco-modern, sustainable, and low-maintenance.

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 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.
- 6. The streets and highway nearby are adequate in width and pavement type for the traffic generated.
- 7. The granting of such use permit will not adversely affect the comprehensive General Plan.
- 8. The operation of the business will not create excessive demands for police or other public services.
- 9. 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:



| ТҮРЕ | NAME OF FACILITY | DISTANCE FROM PROPOSED LOCATION |
|-----------------------------|--|---------------------------------|
| School | Ione Olson Elementary | 2,654.32 Feet |
| Child Care Center | Miss Barbara's Child Development Center | 2,638.13 Feet |
| Youth Center | Stone Soup Child Care Programs | 2,645.91 Feet |
| Church | Kingdom Hall of Jehovah's Witnesses | 826.01 Feet |
| Park | Gloria Jean Tate Park | 2,015.81 Feet |
| Libraries | Marina Library | 3,262.07 Feet |
| Transit Access to Site | Del Monte / #3330 | .03 Miles |
| Alcohol Sales Establishment | Cima Collina Winery | 142.18 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.

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. 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.
- 2. Upgrade external lighting with modern fixtures that have continuous illumination for safety and security.
- 3. We have not proposed constructing any equipment enclosures externally at the building.



Summary

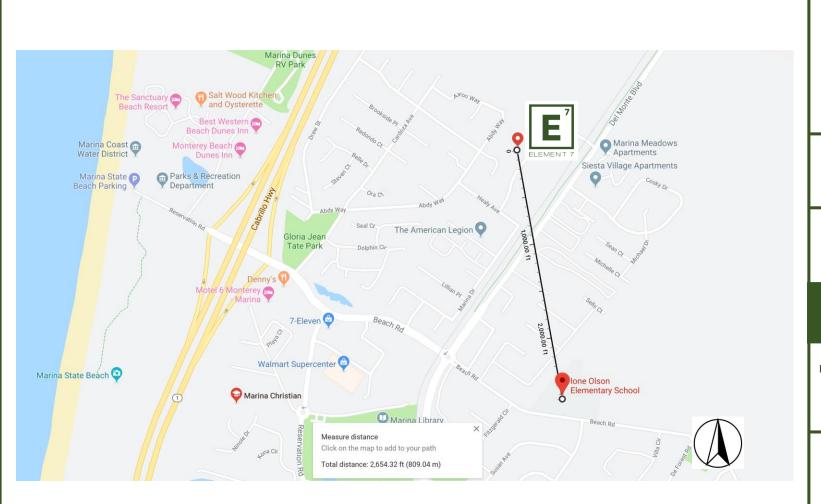
Selecting the optimal site for Element 7's cannabis operations balances a number of factors that have a significant impact on security, financial stability, site accessibility for employees, workforce mobility, and a range of other measures that drive business performance.

The site we have selected is under contract to lease (closing subject to securing the licenses). The proposed location is 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.







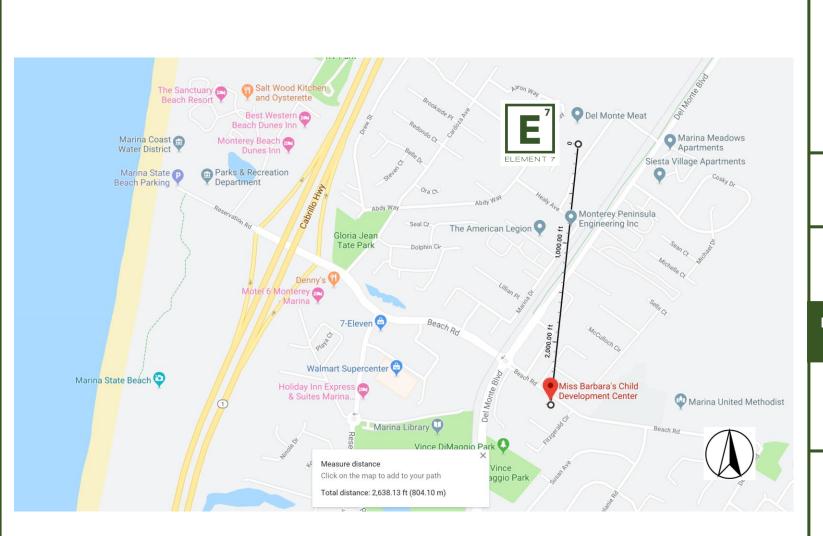
PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST SCHOOL

IONE OLSON ELEMENTARY SCCHOOL

261 Beach Road Marina, California 93933

2,654.32 FEET



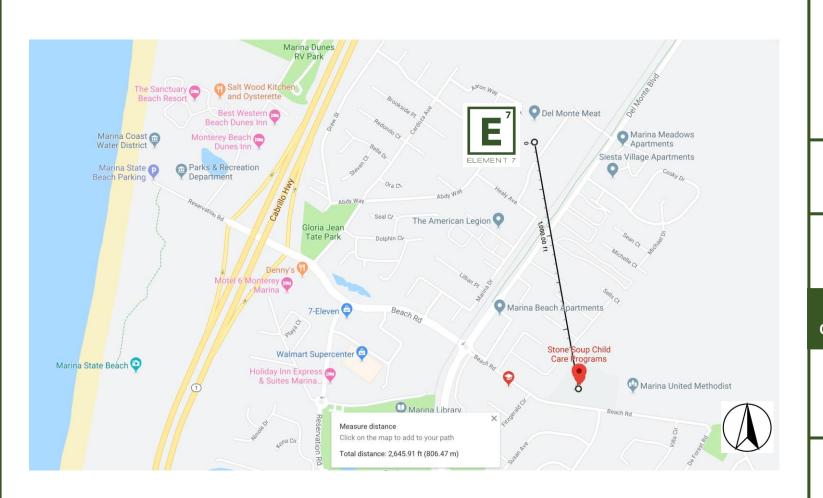


PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST DAYCARE FACILITY

MISS BARBARA'S CHILD DEVELOPMENT CENTER 226 Beach Road Marina, California 93933

2,638.13 FEET





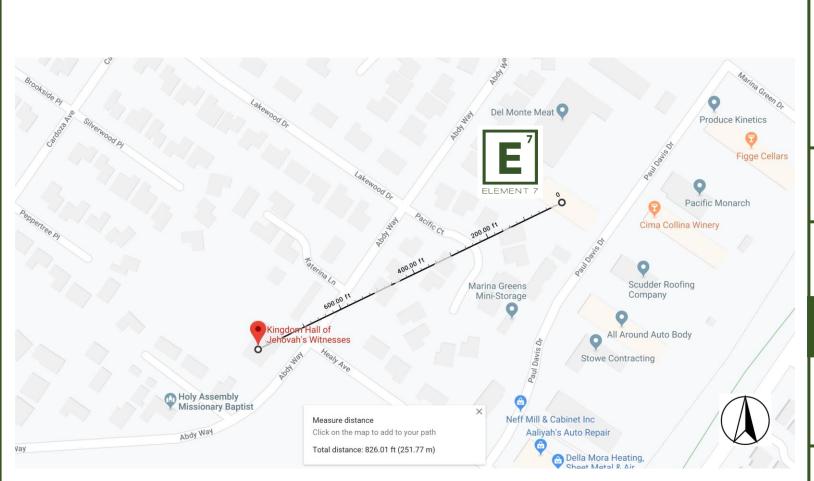
PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST YOUTH-ORIENTED FACILITY

STONE SOUP CHILD CARE PROGRAMS

261 Beach Road Marina, California 93933

2,645.91 FEET





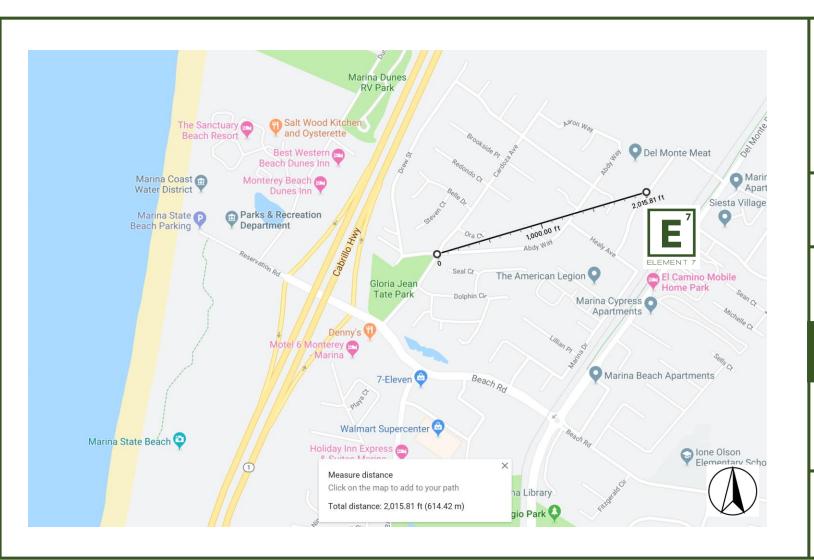
PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST CHURCH

KINGDOM HALL OF JEHOVAH'S WITNESSES

3319 Abdy Way Marina, California 93933

826.01 FEET



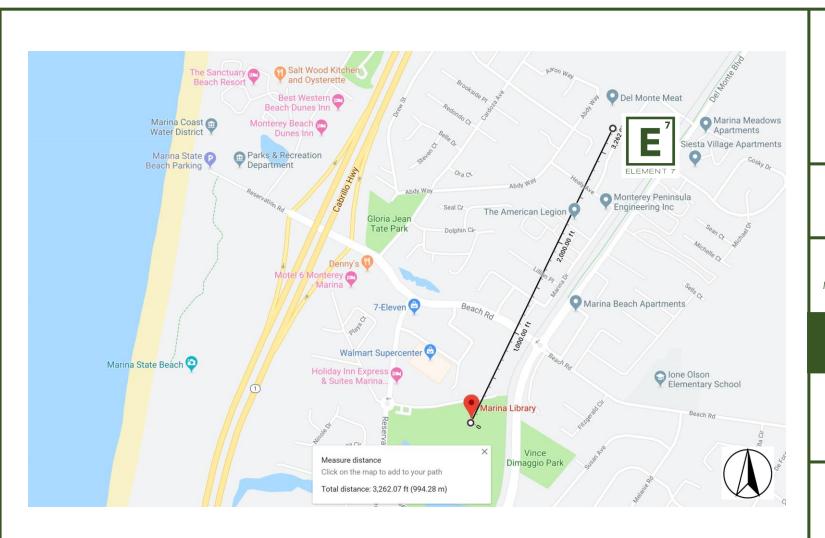


PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST PUBLIC PARK

GLORIA JEAN TATE PARK 3254 Abdy Way Marina, California 93933

2,015.81 FEET



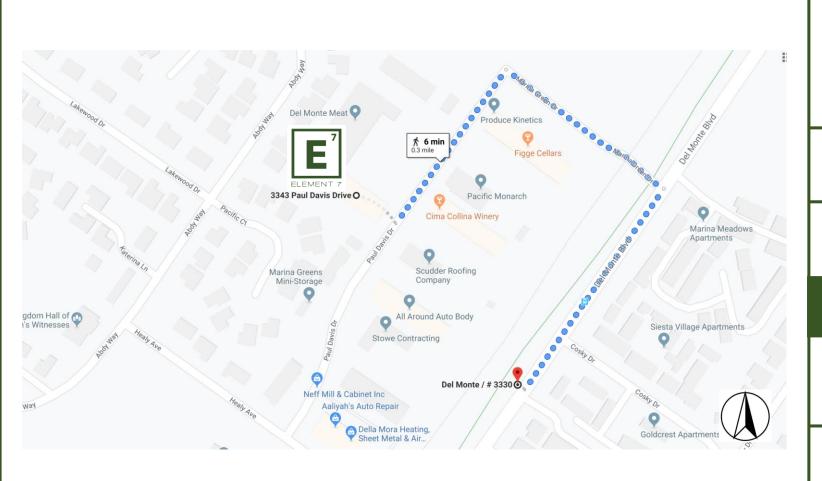


PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST LIBRARY

MARINA LIBRARY 188 Seaside Circle Marina, California 93933

3,262.07 FEET



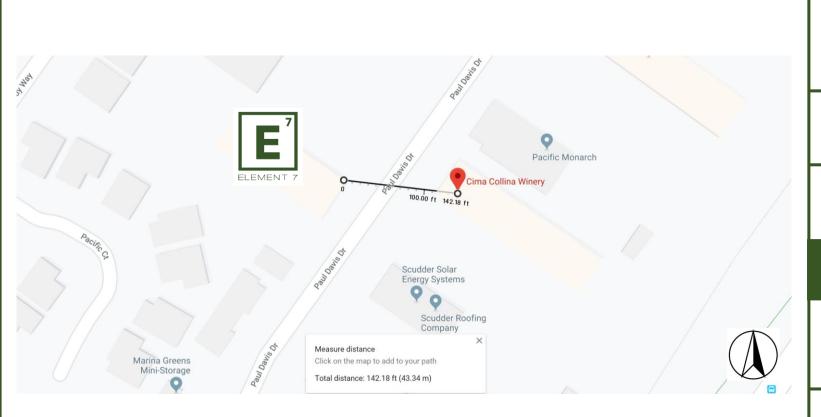


PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST PUBLIC TRANSIT SITE

DEL MONTE / #3330

.03 MILES





PROPOSED ADDRESS: 3343 Paul David Drive Marina, California 93933

NEAREST ALCOHOL SALES ESTABLISHMENT

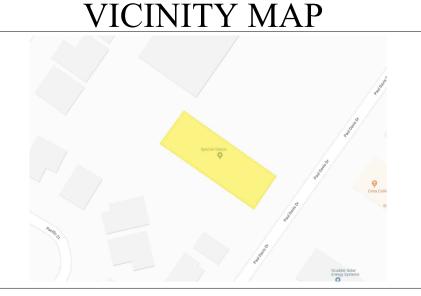
CIMA COLLINA WINERY 3344 Paul Davis Drive #6 Marina, California 93933

142.18 FEET

ELEMENT 7 MARINA PROPOSED PROPERTY DEVELOPMENT

3343 Paul Davis Drive, Marina, CA 93933

PROPERTY INFORMATION PARCEL ID: PROPERTY TYPE: CONSTRUCTION TYPE: ZONE: #STORIES: Property Boundary Description(s): Building Description(s): Building Description(s): 3343 PAUL DAVIS DRIVE, MARINA, CA 93933 TOTAL SQ. FOOTAGE 8,500 SQ. FT.





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: | 42,253 SQ. FT. |
|------------------------------|----------------|
| | |
| BUILDING SIZE: | 8,500 SQ. FT. |
| | |
| | |
| | |
| LOT COVERAGE: 8,500 / 25,142 | = 20% |
| | |
| | |
| | |
| | |

PARCEL MAP

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 SAFETY PLAN

A06 RESTRICTED ACCESS PLAN A07 PROPOSED LIGHTING PLAN

*A08 PROPOSED WATER SUPPLY PLAN

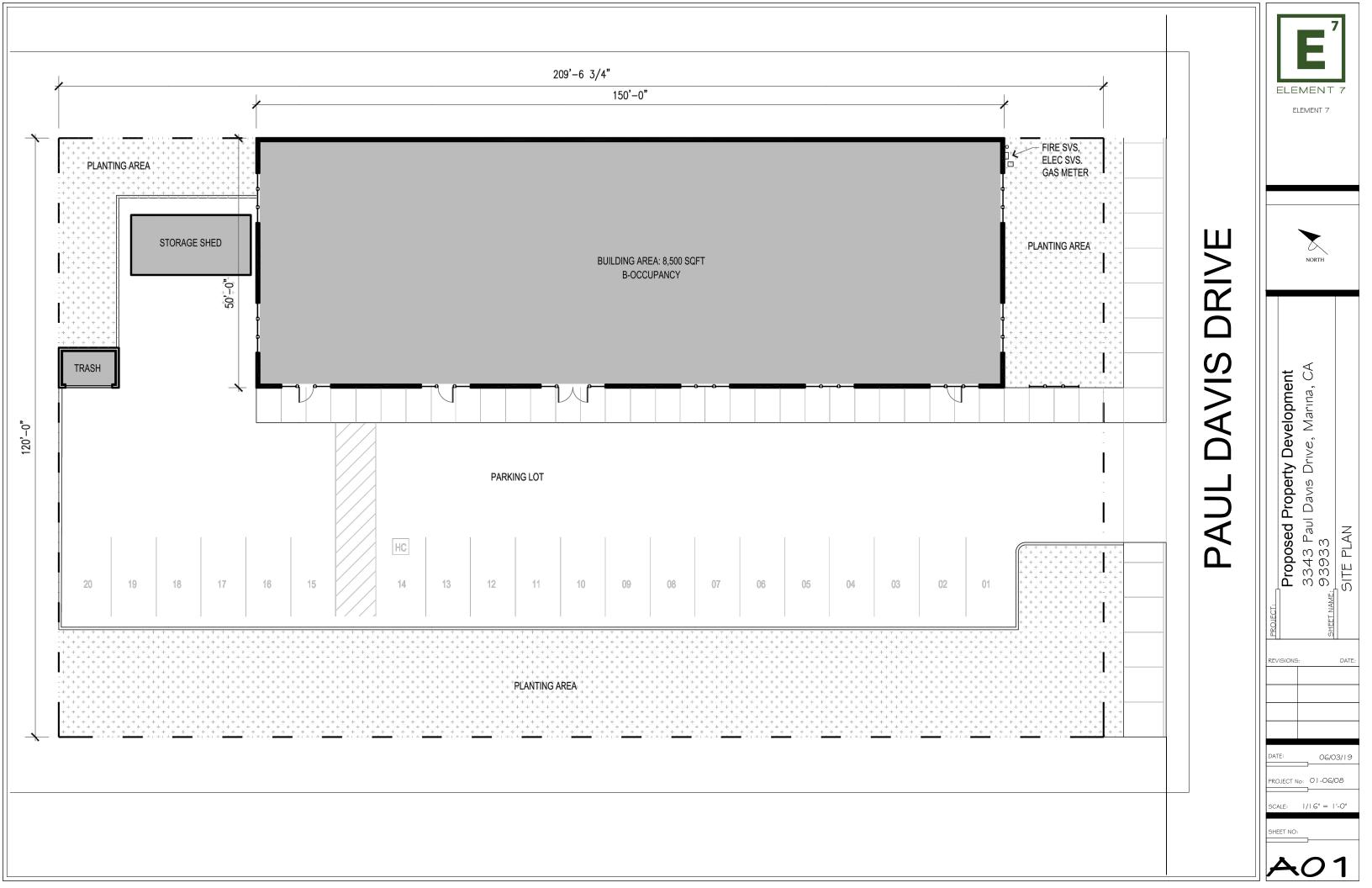
Prepared by Daniel Etie

841 Crescent Heights Blvd, Los Angeles, CA 90046



ELEMENT 7

| PROJECT: | Proposed Property Development | 3343 Paul Davis Drive, Marina, CA | SHEET NAME; 93933 | COVER SHEET |
|----------|-------------------------------|-----------------------------------|-------------------|-------------|
| REV | ISIONS |): | | DATE: |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| DAT | E: | | 06/0 | 3/19 |
| PRC | DJECT N | lo: 0 | 1-06/0 | 08 |
| SC/ | ALE: | | | |
| SHE | ET NO: | | | |
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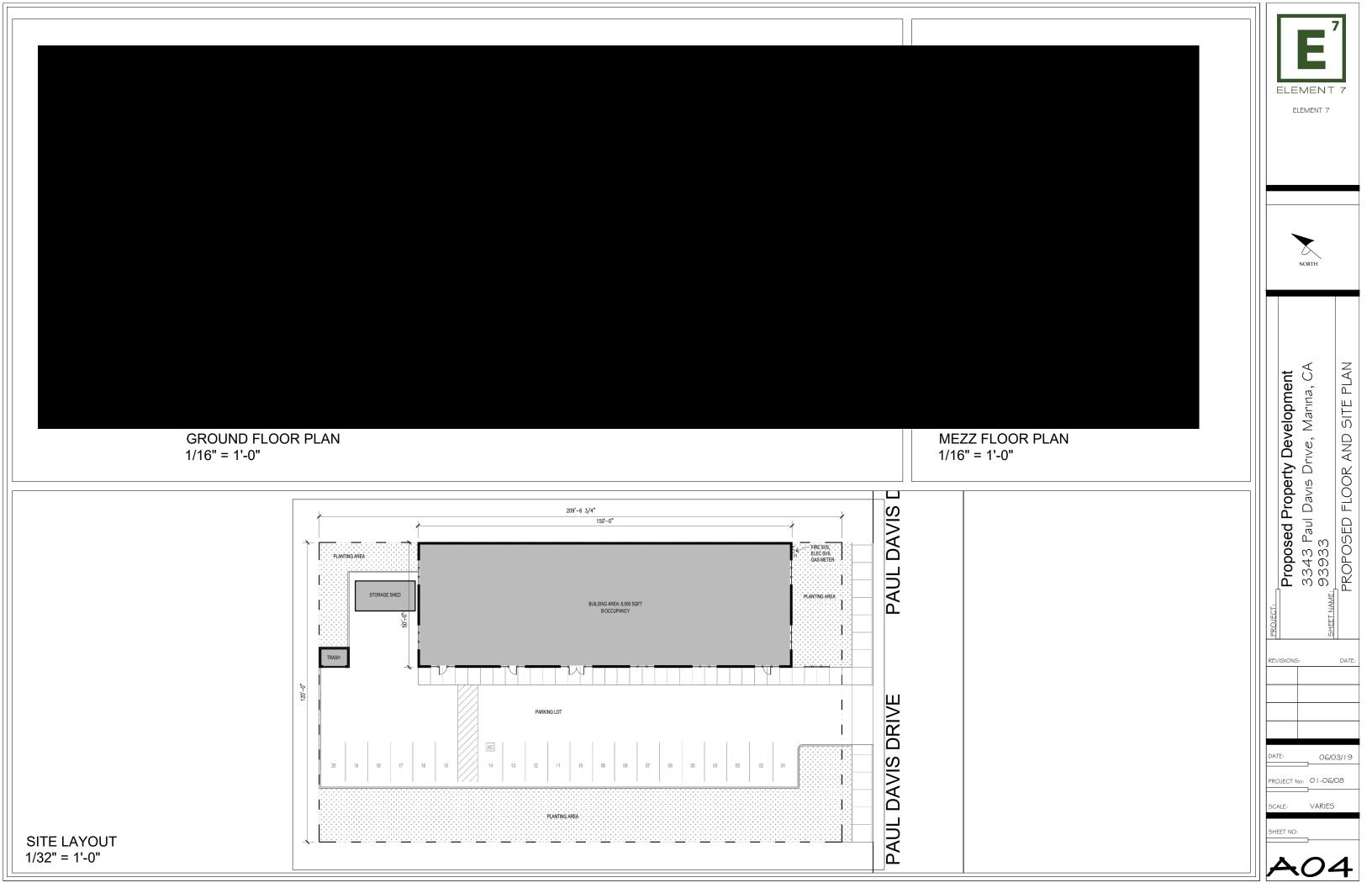




ELEMENT 7 ELEMENT 7 Proposed Property Development 3343 Paul Davis Drive, Marina, CA 93933
PROPOSED FLOOR PLAN 06/03/19 |/|6" = |'-0"

GROUND FLOOR PLAN 1/16" = 1'-0" MEZZ FLOOR PLAN 1/16" = 1'-0"







ELEMENT 7 ELEMENT 7



Proposed Property Development
3343 Paul Davis Drive, Marina, CA
93933
PROPOSED SAFETY PLAN

06/03/19

SCALE: 1/16" = 1' - 0"



ELEMENT 7 ELEMENT 7 Proposed Property Development
3343 Paul Davis Drive, Marina, CA
93933
PROPOSED RESTRICTED ACCESS PLAN 06/03/19

GROUND FLOOR PLAN 1/16" = 1'-0" MEZZ FLOOR PLAN 1/16" = 1'-0"

A06

|/|6" = |'-0"



ELEMENT 7 ELEMENT 7 Proposed Property Development 3343 Paul Davis Drive, Marina, CA 93933
PROPOSED LIGHTING PLAN 06/03/19 PROJECT No: 01-06/08 3/32" = 1'-0"



Proposed Property Development 3343 Paul Davis Drive, Marina, CA 93933
PROPOSED WATER SUPPLY PLAN 06/03/19 PROJECT No: 01-06/08 SCALE: 3/32" = 1'-0"

ELEMENT 7

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



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 2 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.
 - Cultivation 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 cultivation. 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 proforma from the ground-up based on plant yields. These projections and assumptions are further built off local and State market insights, demographics, behaviors and a range of other qualitative and quantitative data sources.

Page 4 of the 'Application Procedure Guidelines for Commercial Cannabis Businesses' 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, with DiVito having exceptional local cannabis cultivation experience from his time managing Monterey Cannabis Co.

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:

9am – 10am: Opening Procedures

10am-10pm: Operations

10pm – 11pm: Closing Procedures

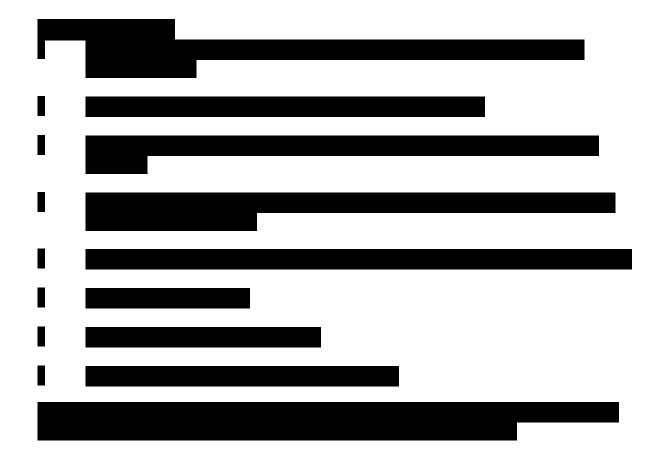
| POLICY NAME | OPENING AND CLOSING PROCEDURES |
|----------------------|---|
| APPLICABLE LAW | An Element 7 Internal Practice. |
| POLICY OBJECTIVE | To ensure that Element 7 managers and staff adhere to a streamlined system for day-to-day operations at the facility. |
| ELEMENT 7 CORE VALUE | 'Consistency is Everything' |
| SOP PROCEDURES | Daily Business Schedule - Opening Procedures - Mid-day Procedures - Closing Procedures |

Daily Business Schedule

The following proposed schedule represents the general daily tasks that will take place at the business location.







| 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 | 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.
- o If the product is an edible product, the package will be opaque.
- o 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;
- o 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 | 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: <u>www.cereslabs.com</u>

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 onetime-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



- o 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;
 - o 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;
- o 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;
- o The ultimate disposition of the returned product, and the date of disposition; and
- o 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:
 - o Factors which necessitate a recall;
 - o 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.
- o 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.



CULTIVATION OPERATIONS PLAN



Introduction

Element 7 has significant experience cultivating cannabis in the State of California. Our founder, Robert DiVito, was the previous General Manager of one of the State's largest greenhouse operations - Riverview Farms (Monterey Cannabis Co) which has 720,000 sq.ft of zoned cannabis cultivation.

Our team has extensive experience cultivating cannabis and will implement all best-practices from years of trial and management in markets including California, Oregon and Colorado, into the Facility at Marina. All of our nutrients are mixed inhouse using proprietary blends which saves considerable costs and delivers a healthier expression of the phenotypes of the plant.

We source grow mediums such as coco-coir direct from suppliers in South Asia and recycle over 80% of the water we use, after it has been treated.

We use a combination of machine and hand-trimming in the cannabis processing phase and stagger rooms which provides a continuous crop harvest cycle. These measures, experience and cost-discipline will allow us to produce cannabis at some of the most efficient rates in Marina.

Knowledge of Botany, Horticulture and Phytochemistry

The Applicant will use a combination of tried and tested / proven cannabis horticulture methods, and a range of initiatives from other agricultural industries that are now being adopted into the cultivation of cannabis.





SCHEDULE FOR BEGINNING OPERATIONS

Element 7 has secured a lease at **3343 Paul Davis Drive**. This property 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.

The following is an estimated schedule for beginning operations and is used to demonstrate our ability to be operational within a desired timeframe. This timeline is subject to Commercial Cannabis License approval in Marina and State License Issuance.

A timeline is provided on the next page showing major works and milestones for construction.

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 |
|-----------------------|---|
| | Stowe Contracting |
| | 3338 Paul David Drive, Marina |
| General Contractor | ALS Construction and Renovation |
| | 1976 Mendocino Street, Marina |
| Plumbing | Marina Plumbing & Heating |
| Plumbing | 3340 Paul Davis Drive, Marina |
| Electricals | Morson Electrical Services |
| Electricus | 191 Paddon Place, Marina |
| U arm alversa arm | Marina Handyman Services |
| Handyman | 3033 Marina Drive, Marina |
| HVAC Specialist | Della Mora Heating and Air Conditioning |
| HVAC Specialist | 3332 Paul David Drive, Marina |
| Security Hardware and | Peninsula Security |
| Services | 3155 Crescent Avenue, Marina |
| Cubinatni | Neff Mill and Cabinetry |
| Cabinetry | 3334 Paul Davis Drive, Marina |
| Fire Systems | True Fire Protection Services |
| Fire Systems | Monterey, California |

Two large general contractors in Marina (Stowe Contracting and ALS Construction and Renovation) 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.



SCHEDULE OF OPERATIONS & BUILDING WORKS

| SCHEDUL | E OF OPERATIONS | | ОСТ | OBER | 100 | | NOVE | MBER | | | DECE | MBER | | | JAN | UARY | | | FEBR | UARY | | | MA | RCH | |
|------------------------------------|--|---|-----|------|------------|---|------|------|---|---|------|------|---|---|-----|------|----------|---------|----------|--------------|---|---|----|-----|--------|
| 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 |
| City Determines Winning Applicants | | | | | | | | | | | | | | | | | _ | 1 | <u> </u> | | | | | | _ |
| Planning Works & Approvals | | | | | | | | | | | W. | | | | | | <u> </u> | - | _ | <u> </u> | | | _ | | |
| Application for State License | | | | | Walter Co. | | | | | | | | | | | | NORWEST | | - | - | | | | | _ |
| Site Preparation Works | Drainage, Sanitation, Electrics, Water | | | | | | | | | | | | | | | | | | | Instantia de | | | | | - |
| Internal Building Works | Building Construction Works | | | | | | | | | | | | | | | | | | | | 1 | | | | _ |
| Fire Suppression Systems | Installation | | | | | | | | | | | | | | | | | | | | | | | | - |
| Alarm & Camera Systems Installs | Installation | | | | | | | | | | | | | | | 4 | | | 11.00 | | | | | | |
| External Security Works | Fencing, Cameras, Lighting | | | | | | | | | | | | | | | | | | | | | | | | |
| Internal Building Works | Equipment Installs, Doors, Offices, Lighting | | | | | | | | | | | | | | | | | _ | | | | | | | |
| Furnishing & Finishes | Final Furnishing Works | | | | | | | | | | | | | | | | | <u></u> | | | | | | | |
| Signage Installations | Install all Signage Required for ADA Code | | | | | | | | | | | | | | | | | | | | | | | | 000000 |
| Site Ready for Operations | | | | | | | | | | | | | | | | | | | | | | | | | |

BUDGET FOR CONSTRUCTION AND IMPROVEMENTS

The building at 3343 Paul Davis Drive is in excellent condition. Externally, Element 7 does not envision any major works beyond security measures. We would clean the site industrially prior to any tenancy.

Capital works are estimated at \$1,503,200.00 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.

We believe we have allocated sufficient capital for such works to be completed which includes full lighting, water treatment, HVAC, odor control, security, and site management services and works.

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 ESTIMATE: 3343 PAUL DAVIS DRIVE, MARINA | | | |
|---|----------------|--------------|----------------|
| Construction & Fitout Costs: Indoor Cannabis Cultivation | Units Required | Cost / Unit | Total Cost |
| Internal Works (Floors, Walls, Ceilings, Panel Systems) | 8,550 | \$80.00 | \$684,000.00 |
| Artificial Lighting Systems (4 x Rooms: 25 Lights per Room) | 100 | \$500.00 | \$50,000.00 |
| Supplemental CO2 Systems | 4 | \$8,000.00 | \$32,000.00 |
| Benches, Fans, HVAC Systems, Splitters | 4 | \$20,000.00 | \$80,000.00 |
| NutriJet Fertigation Systems | 1 | \$40,000.00 | \$40,000.00 |
| Fire Management Systems (Suppression Systems) | 1 | \$60,000.00 | \$60,000.00 |
| External Works (Parking, Fencing, Security, Landscaping, Lighting, Waste Management etc) | 1 | \$25,000.00 | \$25,000.00 |
| Design Works and Project Management | 1 | 540,000.00 | \$40,000.00 |
| Electric Works on Site (Upgrades, Surge Protectors etc) | 1 | \$50,000.00 | \$50,000.00 |
| Workers Compensation Insurance | 1 | \$25,000.00 | \$25,000.00 |
| 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 | \$40,000.00 | \$40,000.00 |
| Walk-In Vault & Cold Storage | 1 | 520,000.00 | \$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 |
| Carbon Filters (1 Set Per Room for Odor Mitigation) | 4 | \$6,000.00 | \$24,000.00 |
| Humidifiers & Sensors & Controller | 1 | \$12,000.00 | \$12,000.00 |
| Reverse Osmosis Treatment System | 1 | \$30,000.00 | \$30,000.00 |
| Water & Nutrient Tanks (Main Tanks and Collection Tanks: 400 Gallons) | 4 | \$6,000.00 | \$24,000.00 |
| Pumps for Tanks | 4 | \$1,800.00 | \$7,200.00 |
| Sub-Plumbing (Irrigation Works within Room) | 4 | \$20,000.00 | \$80,000.00 |
| Sub-Total Cost | 1 | والمراضوي | \$1,403,200.00 |
| Contingencies | 11 | \$100,000.00 | \$100,000.00 |
| TOTAL CAPEX | | | \$1,503,200.00 |



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\$2.0 Million to start and launch Element 7 cultivation operations in Marina. This budget covers all construction costs, fit-out costs, external works, design and project management, and security measures, to open and operate the business through to positive cash flows. It also includes \$500,000 of funds for 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:

Construction and Improvements
Operating Capital (4 Months)

\$1,503,000.00 \$ 500,000.00 \$2,003,000.00

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 \$58,000 per month (first 3 months) through to \$61,000 per month (full operational scale) 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 over \$25.0M 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:

Construction and Improvements
Operating Capital (4 Months)

\$1,503,000.00 \$ 500,000.00 \$2,003,000.00

An additional \$3.0M in funding is reserved and 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 improvements and operations of the proposed operations at 3343 Paul Davis Drive (Bank Balance shows over \$20.0M in funds liquid).

These funds are <u>in addition</u> to the Proof of Capitalization provided by Tore Verde Inc., for contemplated operations at 234 Reservation Road which are contained in a separate application.

We have included a bank statement demonstrating capital reserves.





ToroVerde Inc. P.O. Box 869 Station Adelaide Toronto, ON M5C 2K1

May 22, 2019

Mr. Robert M. DiVito Jr. Element 7 LLC

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

at any time.

Kind regards,

Manual

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

416 982-2449

Varen.krissnanand@td.com

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 LI | LC: 3343 PAUL DAV | IS DRIVE, N | IARINA | | | | | | | |
|---|--------------------|--------------|--|--------------|--|--|--|--|--|--|
| Project Location | Marina, California | | | | | | | | | |
| Cultivation Assumptions | | | | | | | | | | |
| Size of Cultivation Operation (Size at Launch) | 3,200 | | - Indiana - Indi | | | | | | | |
| Size of Rooms (Square Feet): 4 Rooms | 800 | | | | | | | | | |
| Square Feet Harvested Each Month (Full Operations) | 1,067 | | | | | | | | | |
| Yield Calculations | Indoor Cultivation | | AN ALL CATERNAMES OF THE | | | | | | | |
| Size of Cultivation (Space Utilization) | 3,200 | | | | | | | | | |
| Number of Plants Cultivated (Full Crop) | 800 | | | | | | | | | |
| Annual Energy Use | 1,000,000 kWh | | | | | | | | | |
| Annualized Energy Cost (\$0.10 / kWh) | \$100,000.00 | | | | | | | | | |
| Water Use Costs Per Month: 0.5 Gallon / Plant / Day | \$184.13 | | | | | | | | | |
| Yield Per Plant Per Harvest (Grams) | 100 | | | | | | | | | |
| Yield Per Plant Per Harvest (Ounces) | 3.527 | | North Control of Contr | | | | | | | |
| Yield Per Harvest (Pounds) | 176 | | | | | | | | | |
| Yields Per Year (12 Week Cycle) | 4.33 | | | | | | | | | |
| Total Yield Annually (Pounds): At Full Operations | 764 | | | | | | | | | |
| | Pounds | Ounces | Eighths | Pre-Rolls | | | | | | |
| Yield Assigned to Various Flower Products | 50% | 20% | 20% | 10% | | | | | | |
| Pounds Assigned to Various Flower Products | 382 | 153 | 153 | 76 | | | | | | |
| Units Produced Annually | 382 | 2,446 | 19,565 | 34,621 | | | | | | |
| Revenue Per Unit (Wholesale) | \$1,600.00 | \$130.00 | \$22.00 | \$6.50 | | | | | | |
| Revenue per Gram (Wholesale) | \$3.53 | \$4.64 | \$6.29 | \$6.50 | | | | | | |
| Revenue from Flower Products | \$611,415.31 | \$317,935.96 | \$430,436.38 | \$225,039.05 | | | | | | |
| Fees & Taxes | | | | | | | | | | |
| State Application Fees (\$20,000 per Application) | \$20,000.00 | | | | | | | | | |
| Financial Summary: Element 7 Marina | 2020 | 2021 | 2022 | | | | | | | |
| Revenue | \$1,188,620 | \$1,743,309 | \$1,901,792 | | | | | | | |
| Direct Costs | \$147,810 | \$147,810 | \$147,810 | | | | | | | |
| Labour and Staff Costs | \$286,000 | \$300,300 | \$349,335 | | | | | | | |
| SG&A Costs | \$262,680 | \$288,948 | \$317,843 | | | | | | | |
| EBITDA | \$492,130 | \$1,006,252 | \$1,086,805 | | | | | | | |

These financials are built on industry accepted yield assumptions and a range of other costs built into our financial models.

YEAR 1 FINANCIAL PROJECTIONS

| ELEMENT 7 FINANCIALS: MARINA | | | | | | | | 2020 | | | 409 (0.5) | maly = | | Contract of the |
|--|----------------------|----------|----------|----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| - Contraction of the Contraction | UNIT COSTS / SALES S | - 1 | 2 | 1 | 4 | 5 | 6 | 7 | | 9 | 10 | 11 | 12 | SUMMARY |
| GROSS REVENUE | | | | | | | - | - | | | | 1 | | |
| Income from Flower Sales (Wholesale) | | 50 | 50 | 50 | 5132,069 | 5112,069 | 5132,069 | 5132,069 | \$132,069 | \$132,069 | \$132,069 | \$132,069 | 5132.069 | \$1.188.620 |
| BUB-TOTAL GROSS REVENUE | | \$0 | 50 | \$0 | \$132,069 | \$132,069 | \$132,069 | \$132,069 | \$132,069 | \$132,069 | 5132.069 | 5132,069 | \$132,069 | \$1,188,620 |
| DIRECT COST OF GOODS SOLD | | - | | | 200 | programme. | - | | | | | | | |
| Nutrients, Spil, Rockwool, Pots (\$2.36 per Plant per Month) | \$2.50 | \$2,400 | 52,400 | 92,400 | 52,400 | \$2,400 | \$2,400 | 52,400 | \$2,400 | 57.400 | \$2,400 | 52,400 | 52 400 | 528,800 |
| Product Testing (\$400 per Batch s 4 Batches per Month) | \$400.00 | \$400 | \$400 | \$400 | \$400 | 5400 | \$400 | \$400 | 5400 | \$400 | \$400 | 5400 | \$400 | \$4,800 |
| Business Management & Comphance Software & Systems (includes Data) | \$1,000.00 | \$1,000 | 51,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | 51,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | 51,000 | \$12,000 |
| Lithities Power Crists | \$8.331.15 | 58.333 | 58.333 | 28.333 | \$8,333 | 58.331 | 58.333 | \$8.333 | 58.331 | 58.533 | \$8,333 | 58.333 | 58.333 | 5100,000 |
| Utilities: Water Costs (0.5 Gallon Per Flant: / Day) | \$184.13 | 5184 | 5184 | \$184 | \$184 | 5184 | 5184 | 5184 | 5184 | 51E4 | 5184 | 5184 | 5184 | 52.210 |
| SHA TOTAL DIRECT COST OF GOODS SOLD | | 512317 | 512.317 | \$12,317 | \$12,317 | \$12,317 | 512.317 | \$12,317 | \$12,317 | \$12,517 | 512 317 | \$12,117 | \$12,317 | \$147,810 |
| COST OF STAFF & LABOR | | - | | | - | | | | - | | | | | of Laboratory |
| Head of Cultivation | \$70,000.00 | \$5,833 | 55,831 | 55.853 | \$5,811 | 55,833 | \$5,813 | 55.833 | \$5,333 | 55.833 | \$5,811 | 35,833 | 55.833 | 570,000 |
| Trimmen, and Gardenen, (525-00 per Hour) | \$25.00 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | 512,000 | \$12,000 | \$12,000 | \$12,000 | 512,000 | \$12,000 | \$12,000 | \$144,000 |
| Security Officers (\$25.00 per Hour) | 525.00 | \$6,000 | \$6,000 | 56,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | 36,000 | 56,000 | 56,000 | \$6,000 | \$72,000 |
| SUB-TOTAL COST OF STAFF & LABOUR | | \$23,833 | \$23,633 | \$23,833 | \$23,933 | 523,833 | 523.833 | 523.833 | 523,833 | \$23,833 | \$23,811 | \$23,831 | \$23,833 | 5286,000 |
| OTHER COSTS | | | | | - | - | | | - | | - | | - | |
| Insurance & Legal | \$2,000.00 | \$2.000 | \$2.000 | 57.000 | \$2,000 | 52,000 | \$2,000 | \$2,000 | \$2.000 | \$2,000 | \$2,000 | \$2,000 | 52,000 | 524,000 |
| Lease Costs | \$15,390.00 | \$15,390 | \$15,190 | \$15,390 | 515.390 | \$15,390 | \$15,390 | \$15,190 | \$15,390 | 515,390 | 515,390 | \$15,390 | \$15,390 | \$184,680 |
| Repairs & Maintenance Team Foots & Egypment | \$1,500.00 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | 51.500 | 51,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1.500 | \$18,000 |
| Communications, Equipment and Hardware | 51,000,00 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | 51,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 |
| Other Costs | \$2,000,00 | 52,000 | 52,000 | \$2,000 | 52,000 | 52,000 | 52,000 | \$2,000 | 52,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | 524,000 |
| SUB-TOTAL COSTS (COGS, COST OF LABOR, OTHER COSTS & CAPEX) | | \$21,890 | \$21,890 | 521,890 | \$21,890 | \$21,890 | \$21,890 | \$21,890 | \$21,690 | \$21,690 | \$21,890 | 521,890 | 521,690 | \$262,660 |
| NETINCOME | 1 | -658,043 | -518,041 | -550,041 | 574.028 | 574,028 | 574,028 | \$74,028 | 574,026 | 574,028 | \$74,028 | \$74,028 | 574.028 | \$492.130 |

YEAR 2 FINANCIAL PROJECTIONS

| ELEMENT 7 FINANCIALS: MARINA | 1 | | | | | | | 2021 | | | | | | 100 |
|---|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------------|-----------|-----------|-----------|-------------|
| | UNIT COSTS / SALES \$ | 1 | 2 |) | 4 | 5 | 6 | 7 | 1 | 9 | 10 | - 11 | 12 | SUMMARY |
| CROSS REVENUE | | | | | | | | | | | | | | |
| Income from Flower Sales (Wholesale) | | \$145.276 | \$145,276 | 5145,276 | \$145,276 | \$145,276 | 5145,276 | 5145.276 | \$145,376 | \$145.276 | 5145,276 | \$145.276 | \$245.276 | \$1,743,309 |
| SUB-TOTAL GROSS REVENUE | | \$145,276 | 5145,276 | \$145,276 | \$145,276 | 5145,276 | \$145,276 | 5145,276 | 5145,276 | \$145,276 | \$145,276 | 5145,276 | \$145,276 | \$1,743,309 |
| DIRECT COST OF GOODIN SOLD | | | | | | | | 100000 | | Marie Committee | - | 1. | - | |
| Nutrients, Soil, Rock wool. Pots (SJ. NO per Plant per Month) | \$2.50 | \$2,400 | \$2,400 | \$2,400 | 52,400 | \$2,400 | \$2,400 | 52,400 | \$2,400 | \$1,400 | \$2,450 | \$2,400 | 52,400 | \$28,800 |
| Product Testing (\$400 per flatch # 4 Batches per Month) | \$400.00 | 5400 | \$400 | \$400 | \$400 | 5400 | \$400 | \$400 | \$400 | 5400 | \$400 | 5400 | \$400 | \$4,800 |
| Business Management & Compliance Software & Systems (Includes Data) | \$1,000.00 | \$1,000 | 51,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$17,000 |
| Utricties Power Costs | 16.111.82 | 58.113 | 58,111 | \$8,111 | \$8,311 | 58.333 | 58,311 | 58.333 | 59,113 | 58,111 | 58.331 | \$8,333 | 58,333 | \$100,000 |
| Utilities, Water Costs (0.5 Gallon Per Plant / Dlay) | \$184-13 | 5184 | \$184 | \$184 | \$184 | \$184 | -5184 | 5194 | 5184 | \$184 | \$184 | 5184 | 3184 | \$2,710 |
| SUB-TOYAL DIRECT COST OF GOODS SOLD | | \$12,317 | 512,317 | \$12,317 | \$12,317 | \$12,317 | 512.337 | \$12,317 | 512,317 | 512,317 | \$12,317 | \$12,317 | \$12,317 | \$147,810 |
| COST OF STAFF & UABOR | - | - | | | ******** | | | | - | | | | - | Topic Co. |
| Head of Cultivation | \$70,000,00 | 56,125 | \$6,125 | \$6,125 | 36,125 | 56.125 | 58,125 | \$6,125 | 56.125 | 56,125 | 36,175 | \$6.125 | 56.125 | \$73,500 |
| Trimmers and Gardeners (\$25.00 per hour) | \$25.00 | \$12,600 | \$12,600 | 512,600 | \$12,600 | 512,600 | \$12,600 | 512,600 | 512,600 | 512,600 | \$12,600 | \$12,500 | \$12,600 | 5151,200 |
| Security Officers (\$25.00 per Hour) | 525 00 | \$6,300 | \$6,300 | \$6,300 | \$6,300 | \$6,300 | 56,300 | \$6,300 | \$6,300 | \$6,300 | \$6,300 | \$6,300 | \$6,300 | \$75,600 |
| SUB-TOTAL COST OF STAFF & LABOUR | | \$25,025 | \$25,025 | \$25,025 | 525,025 | 525,025 | \$25,025 | 525,025 | \$25,025 | \$25,025 | 525,025 | 525,025 | 525,025 | 5300,300 |
| OTHER COSTS | | | | | | | - | | - | | | | | |
| Historance & Legal | \$2,000.00 | \$2,200 | \$2,200 | \$2,200 | \$2,200 | 52,200 | 52.200 | \$2,200 | 52,200 | \$2,200 | 52,200 | \$2,200 | \$2,200 | 526,400 |
| Lease Costs | 515.390.00 | 516,929 | \$16,929 | 516.929 | 516,929 | 516,929 | \$16,929 | \$16.929 | 516,929 | 516.929 | \$16.929 | 5:6.929 | 516.929 | 5203.148 |
| Repairs & Maintenance Team Tools & Equipment | \$1,500.00 | \$1.650 | \$1,650 | 51.650 | \$1,650 | \$1,650 | \$1.050 | \$1.650 | \$1.650 | \$1,650 | \$1.650 | \$1.650 | \$1.650 | \$19,800 |
| Communications, Equipment and Hardware. | \$1,000.00 | 51,100 | \$1,100 | 51,100 | \$1,100 | \$1,100 | 51,100 | \$1,100 | 51.100 | 51,100 | \$1,100 | 51.100 | 51,100 | 513,200 |
| Citing/ Costs | \$2,000.00 | \$2,200 | \$2,200 | \$2,200 | \$2,200 | \$2,200 | \$2,200 | \$2,200 | \$2,200 | 52,200 | \$2,200 | \$2,200 | 52,200 | 526,400 |
| SUB-TOTAL COSTS (CDGS, COST OF LABOR, OTHER COSTS & CAPEX) | | \$24,079 | 524,079 | \$24,079 | 524,079 | 524,079 | 524,079 | \$24,075 | \$24,079 | 524,079 | 524,079 | 524,079 | 524,079 | \$289,948 |
| NET INCOME | + | 583,854 | \$83,854 | 583,854 | 583,854 | \$27,854 | \$83,854 | 583,854 | 583,954 | 583,854 | 563,654 | 583.854 | 583,854 | \$1,006,252 |

YEAR 3 FINANCIAL PROJECTIONS

| ELEMENT 7 FINANCIALS: MARINA | 100000000000000000000000000000000000000 | | | | | | | 2022 | | | | | | |
|---|---|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|----------|-------------|
| | UNIT COSTS / SALES S | 1 | 2 | 1 | 4 | 5 | 6 | 7 | | 9 | 10 | 11 | 12 | SUMMARY |
| GROSS-REVENUE | | | | | | | | | | | | | | No. |
| Income from Flower Sales (Wholesale) | | 5158,485 | \$158,483 | \$158,483 | \$158,483 | \$158.483 | 5158,483 | \$158,483 | 5158 483 | \$158,483 | \$158,483 | \$158.403 | 5158,483 | 51,901,792 |
| SUB-TOTAL GROSS REVENUE | | \$158,483 | 5158,483 | \$158,483 | \$158,483 | \$158,483 | 5158,483 | 5158,483 | \$158,483 | 5158,483 | 5158,483 | 5158,483 | 5158,483 | \$1,901,792 |
| DIRECT COST OF GOODS SOLD | + | | - | | - | - | - | | | | 1 | | | |
| Nutrients, Soil, Rockwool, Pots (52:50 per Plant per Month) | \$2.50 | \$2,400 | 52,400 | 52,400 | 52,400 | \$2.400 | \$2,400 | \$2,400 | \$2,400 | \$2,400 | \$2,400 | \$2,400 | \$2,400 | \$28,800 |
| Product Testing (\$400 per Batch x 4 Batches per Milnth) | \$400.00 | 5460 | 5400 | \$400 | 5400 | 5400 | 5400 | 5400 | 5400 | 5400 | 5400 | 5400 | 5400 | 54,800 |
| Business Management & Compliance Software & Systems (Includes Data) | \$1,000.00 | \$1,000 | -51,000 | \$1,000 | \$1,000 | 51.000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | 91,000 | \$1,000 | \$12,000 |
| Utilities Power Costs | \$8,333.33 | 58.333 | 58,113 | \$8.133 | \$8,111 | 58.333 | 58,333 | 58.333 | 50.333 | 58,333 | 58,333 | 58.333 | 11(.82 | 5100,000 |
| Utilities: Water Crists (0.5 Gallon Per Plant / Day) | \$184.13 | 5184 | 5184 | \$184 | 5184 | 5184 | \$181 | 5184 | 5184 | \$184 | \$184 | 5184 | 5184 | \$2,210 |
| SUB-TOTAL DIRECT COST OF GOODS SOLD | | \$12,317 | \$12,317 | \$12,317 | 512,317 | \$12,317 | \$12,317 | \$12,817 | \$12,817 | \$12,317 | \$12,317 | 512,317 | 512,317 | \$147,810 |
| COST OF STAFF & LABOR | | | | | | | - | | | | | - | | |
| Head of Cultivation | \$70,000,00 | \$6,431 | 56,433 | \$6,431 | 56,431 | 56,431 | \$6,431 | 56.431 | \$6,431 | \$6,431 | \$6.431 | \$6,431 | 56,431 | 577,175 |
| Tremmers and Gardeners (\$25.00 per Hour) | 525.00 | \$15,120 | 515.120 | \$15.120 | 515,120 | 515,120 | 535,370 | \$15.120 | \$15,120 | \$15,120 | \$15,120 | \$15,120 | \$15,120 | \$181,440 |
| Security Officers (\$25.00 per Hour) | \$25.00 | 57,560 | \$7,560 | \$7,560 | \$7.560 | \$7,560 | 57,560 | 57,560 | 57,560 | \$7,560 | \$7,560 | \$7.580 | 57.560 | \$90,720 |
| SUS-TOTAL COST OF STAFF & LANOUR | | 529,111 | 529,111 | 529,111 | 529,111 | 529,111 | \$29,111 | 529,111 | \$29,111 | \$29,111 | 529,111 | \$29,111 | 529,111 | \$349,335 |
| OTHER COSTS | + | | | - | | - | 1 | | | _ | _ | | | 1000 |
| Insurance & Legal | \$2,000.00 | 52,420 | 52,420 | 52,420 | \$2,420 | 52.A20 | 52,420 | \$2,420 | 52,420 | \$2,420 | 52,420 | \$2,420 | 52,420 | 529,040 |
| Lease Costs | \$13,390.00 | \$18,622 | \$18,632 | 518,623 | \$18,622 | \$18,622 | \$18,622 | \$19,622 | \$18,622 | \$18,623 | 518,622 | \$18,622 | 518,622 | 5223,463 |
| Repairs & Maintenance Team Tools & Equipment | 51,500.00 | 51,815 | 51,615 | \$1,015 | \$1,815 | 51.815 | 51,815 | \$1.815 | 51,815 | 51,815 | 51.815 | 53.815 | 51.815 | 521,780 |
| Communications. Equipment and Hardware | \$1,000.00 | \$1.210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$1,210 | \$14,530 |
| Other Costs | \$2,000.00 | 52,420 | 52,420 | \$2,420 | \$2,420 | 52,420 | 52,420 | \$2,420 | 52,420 | 52,420 | \$2,420 | 52,420 | \$2:420 | 529,040 |
| SUB-TOTAL COSTS (COGS, COST OF LABOR, OTHER COSTS & CAPCK) | | \$26,487 | \$26,487 | \$26,487 | \$26,487 | \$26,487 | \$26,487 | \$26,487 | 126,487 | \$25,487 | \$26,487 | \$26,487 | \$26,487 | 5317,843 |
| NET INCOME | + | 590,567 | \$40.567 | 590,567 | \$90,567 | \$90,567 | \$90,567 | \$90,547 | \$90,\$67 | \$90,547 | \$90,567 | \$90,567 | \$90,567 | \$1,086,805 |

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 \$83,000 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.

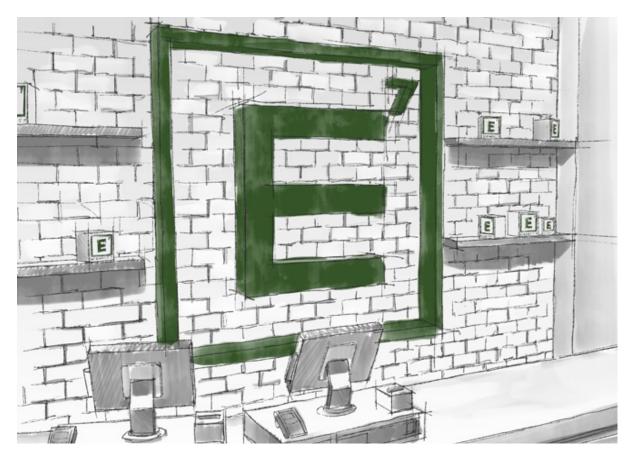
Financial Summary

As demonstrated in our full attached financials, our estimate for net income in Year 1 is a small net operating profit —primarily driven by the fact that operations take time to scale up.

We believe that 2020 will deliver a \$1.0M EBITDA with a \$1.1M EBITDA the following year, primarily driven by the vertically integrated business model, which allows us to take flower from seed through the shelf in our contemplated business operations in the City of Marina.

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.

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 business model as new customer trends emerge.

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.

- 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. We will collaborate and cross-promote with local fitness and physical wellness businesses, encouraging all partners and staff 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.



- 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.
- 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

Sustainable Vertical Business Operations

Element 7 is proposing a **vertically integrated cannabis operation** in the City of Marina driven by operations at two sites – 234 Reservation Road (retail, manufacturing and distribution) and 3343 Paul Davis Drive (cultivation).

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

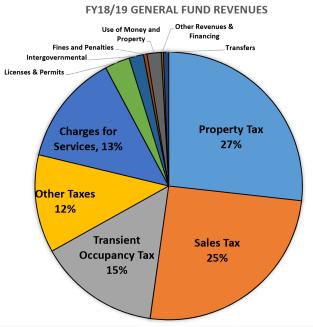
Additional taxes from a vertically integrated cannabis operator like Element 7 will be a significant form of new tax revenue for Marina, helping the city pay for essential services and new projects and infrastructure. The injection of significant amounts of tax revenue will help solve one of the city's 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

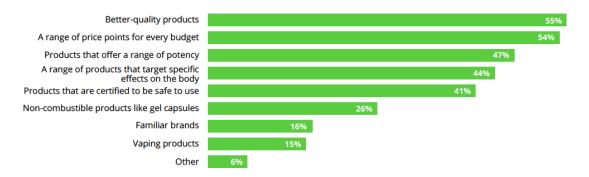
Our vertically integrated operations give us a panoramic view of the industry that few others can match. Our access to data and intelligence through our partnership with Brigade affords us substantial insights into today's consumers and their changing preferences and behaviors. This allows us to develop 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

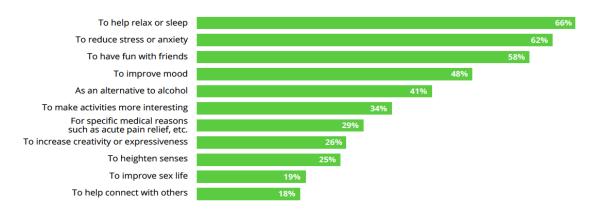
Cannabis consumers aren't as paranoid as some make them out to be, but they are rightfully concerned about how industry operators are collecting and storing their personal information. Having HIPAA-compliant software and systems in place is critical if we are to help our customers alleviate these concerns. 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).



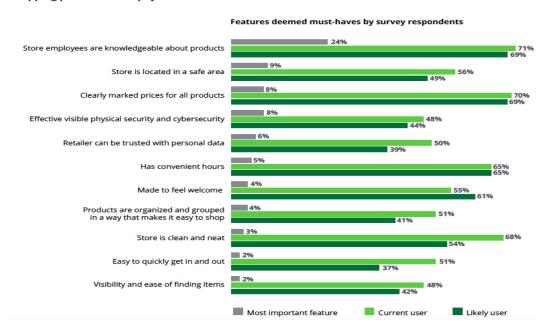
Reasons for using recreational cannabis



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 retail environment. 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 ecommerce 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:

- 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.



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. Customers will come back over and over again seeking the unparalleled brand experience that Element 7 will be cultivating. Our vision to create a 'Marina-strain' of cannabis has the potential to put Marina on California's cannabis map, elevating the City and promoting investment and tourism.
- 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 soughtafter 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 our products 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.
- 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 (and our own cultivation operations) both 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.



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.

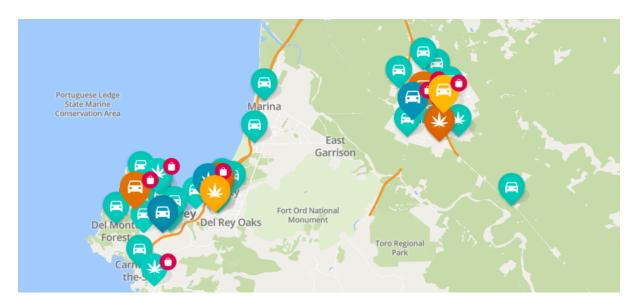
Market Analysis: Competitive Set

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. Our vertical integration means we have direct control of our own supply chain which allows us to manage quality and maximize margins (and taxes for the City).
- 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 cultivate a small range of premium cannabis strains at its Facility that meet the needs and expectations of local customers. Data will power our business and the choices we make – the most popular local strains will be cultivated in two of the four rooms, with the other two rooms committed to innovation and new cannabis strains that will put Marina on the map in the same way that Tahoe OG and Mendo Breath represent those unique communities.

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.

Summary

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.





May 20, 2019

City of Marina

Marina Police Department

211 Hillcrest Avenue

Marina, CA 93933

TO WHOM IT MAY CONCERN:

This letter is to certify that Element 7 has hereby appointed GSG Protective Services as their licensed provider for all security related matters required by the City of Marina (as per the required Security Plan), and the State of California (including the Bureau of Cannabis Control), for cannabis operations for Element 7 at 3343 Paul Davis Drive, Marina, California.

GSG Protective Services is a State Licensed Private Patrol Company. Our PPO #16545.

Randy Bragg and Corey English have reviewed and approved Element 7's Security Plan with our inputs incorporated into the plan, as attached herein.

If Element 7 is awarded a license, we would envision working with a local set of suppliers and entities with regards to the provision of security hardware and guards for the management and safety requirements of the business, whilst managing full installs and systems to all Codes and City / BCC Directives.

If any further information is needed regarding the security for this company or anything in the plan attached, please do not hesitate to contact me at 310-425-5316, or Element 7's Founder and CEO, Robert M. DiVito, at robert@element7.co.

Kind Regards,

Corey English

GSG Protective Services Executive Vice President 310-425-5316 mobile

855-371-5300 office

corey@gsgprotective.com

SECURITY PLAN



Introduction

Overall security management, procedures and operations at the Facility will be the responsibility of the Head of Security from Element 7, working in conjunction with a State-Licensed Security firm, who will be responsible for the hardware, software and systems implemented to operate the Facility in a tightly controlled, safe and secure environment according to local law enforcement officers and officials.

Element 7 has forecasted in its budget for a range of security hardware, software and human personnel - our goal is to exceed City and State measures for security compliance and management.

The Security Department is critical to the success and well-being of the facility, and has four overarching responsibilities that fulfill the primary role of the department. They are:

- Safeguard cannabis products at every stage, from receipt of the cannabis to its eventual sale;
- Protect the property, confidentiality and assets from theft, damage, or acts of vandalism; and



- Maintain a safe and secure environment that ensures the well-being of staff and visitors.
- Monitor, maintain, and upgrade (as necessary) a comprehensive security system and plan.

The Security Department Operations Manual contains detailed policies and procedures related to the fulfillment of the above responsibilities and beyond.

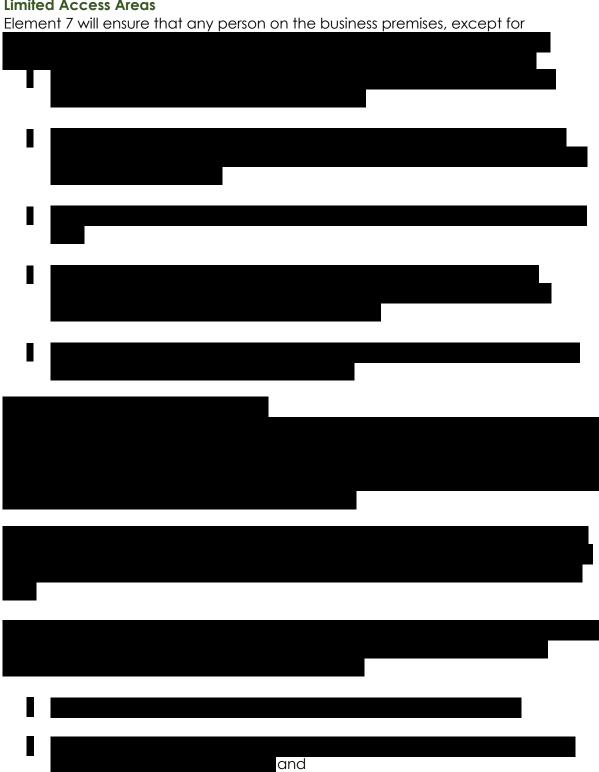
ELEMENT 7 STANDARD OPERATING PROCEDURE

| | PPERATING PROCEDURE |
|----------------------|--|
| POLICY NAME | SECURITY OPERATIONS POLICY |
| APPLICABLE LAW | Pursuant to the California Code of Regulations §5042-5047 and Marina Municipal Code, Element 7 officers, management, and staff will adhere to both local and state laws and regulations as it relates to providing adequate security measures at the facility in the City of Marina. |
| POLICY OBJECTIVE | To ensure the safety of the public, Element 7 staff and the surrounding community of Marina. |
| ELEMENT 7 CORE VALUE | 'Excellence in Everything We Do' |
| SOP PROCEDURES | Limited Access Areas |
| | Product and Facility Access Protocols |
| | - Secure Level Access System |
| | Visitors and Third-Party Security Measures |
| | - Electronic Access |
| | - Integrated Visitor Management System |
| | - Visitor Badge Access |
| | - Issuing Procedures |
| | Other Security Procedures |
| | - Storage Procedures |
| | - Product Security |
| | - Inventory Management |
| | - Quarantine of Products for Destruction |
| | - Movement of Product Within the Facility - Product Deliveries |
| | - Intrusion, Detection and Alarm System |
| | - Video Camera Surveillance |
| | - Security Guards |
| | - Door Security |
| | - External Facility Lighting |
| | - Cash Management Plan |
| | - Armored Vehicles and Cash Collection |
| | - Employee Theft Reduction Measures - Background Checks |
| | - Minors |
| | - Diversion |
| | - External Auditing |
| L | I . |

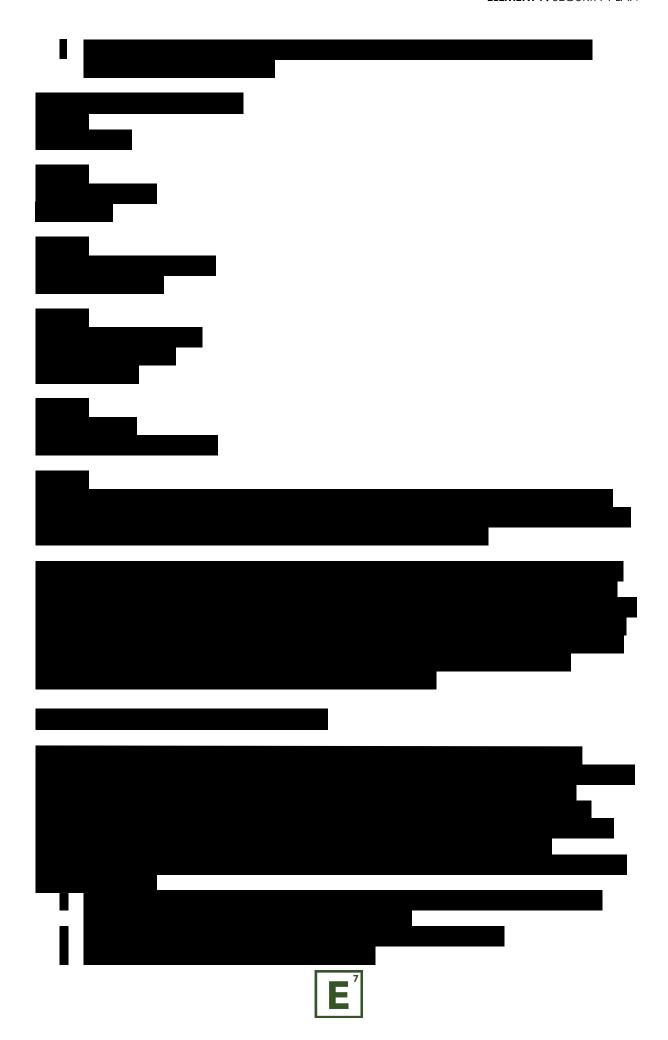


| SOP PROCEDURES (CONTINUED) | Display of Permit (Licensed Legal Facility Notice) Emergency Contacts Security Experience Security Assessment |
|----------------------------|--|
| | |

Limited Access Areas

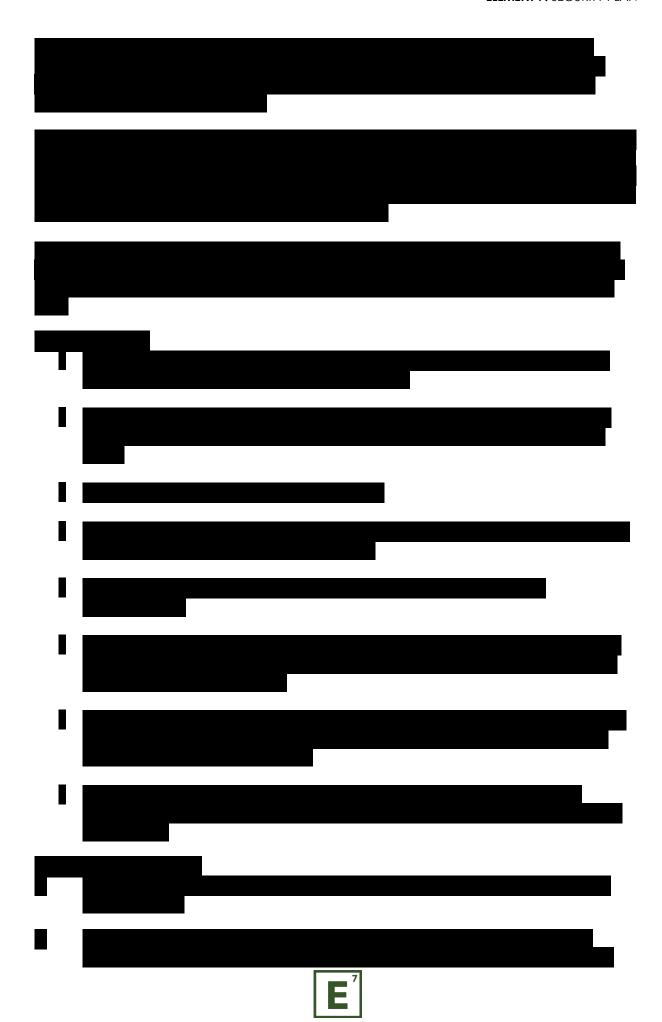


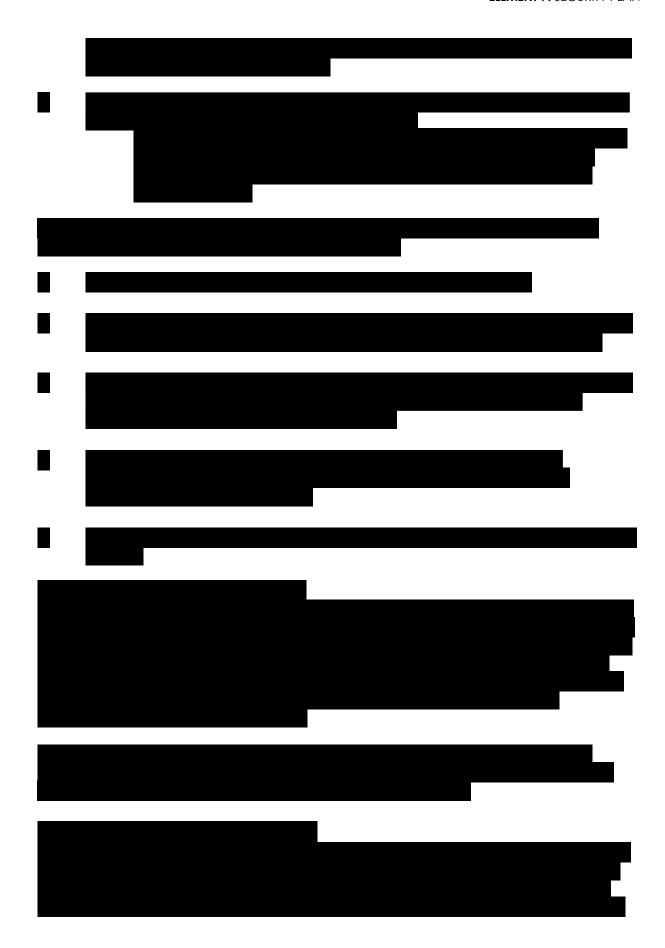














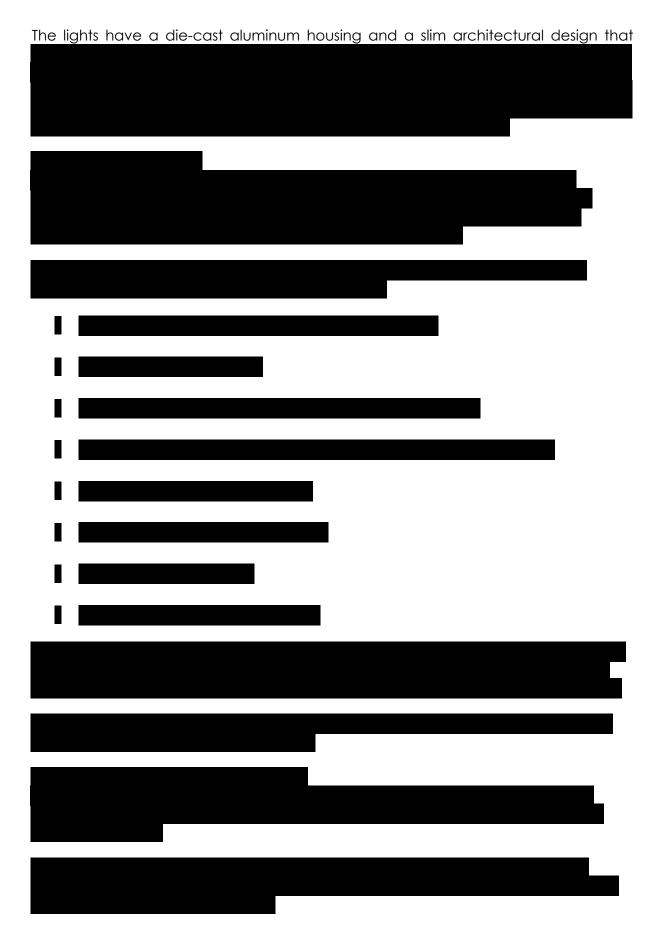


on the proper use of panic buttons and the processes that follow if a Panic Button is All security guards employed at Element 7 will be licensed by the Bureau of Security



the Federal Bureau of Investigation (FBI), and complete the Power to Arrest Training,





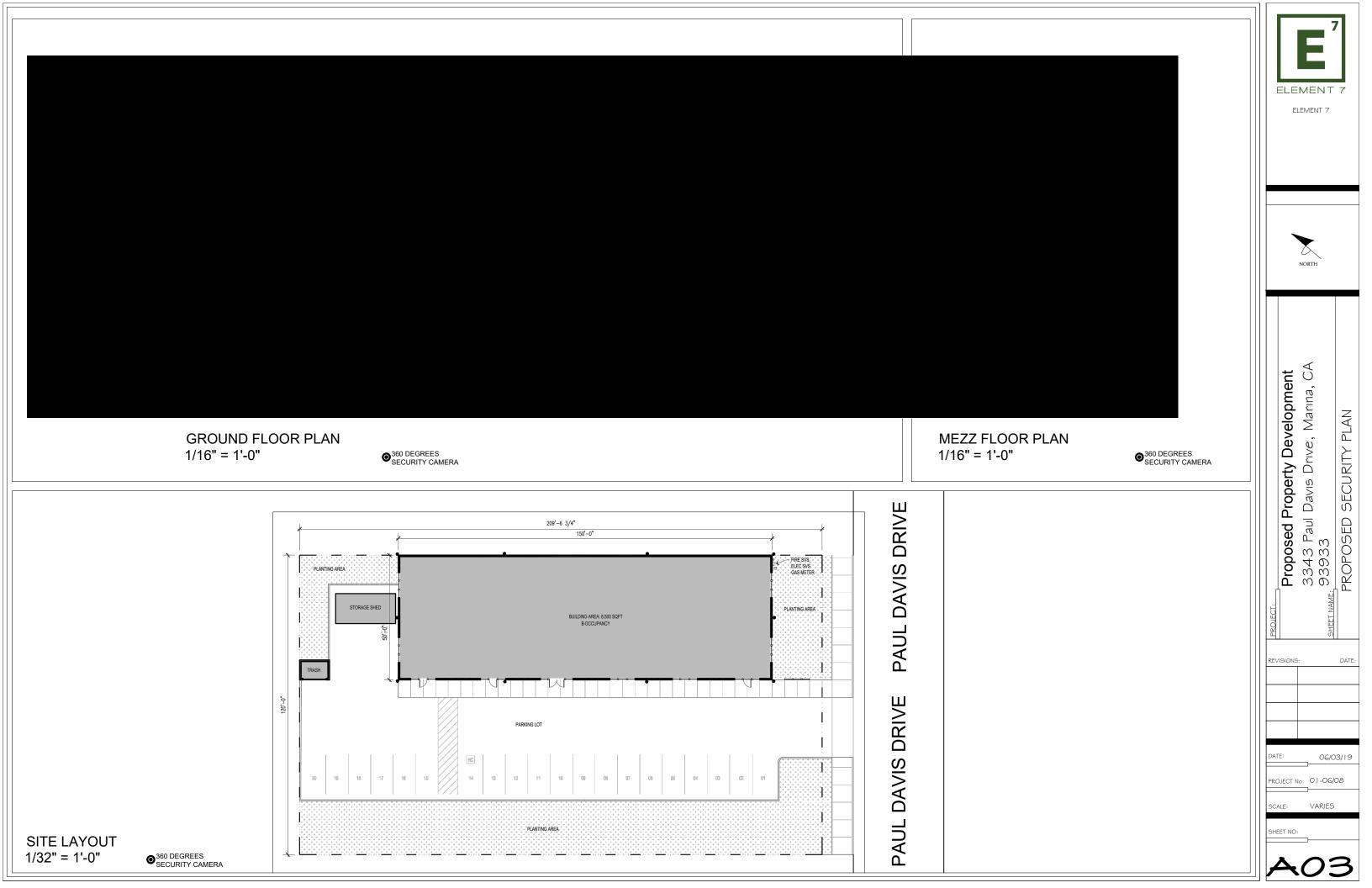


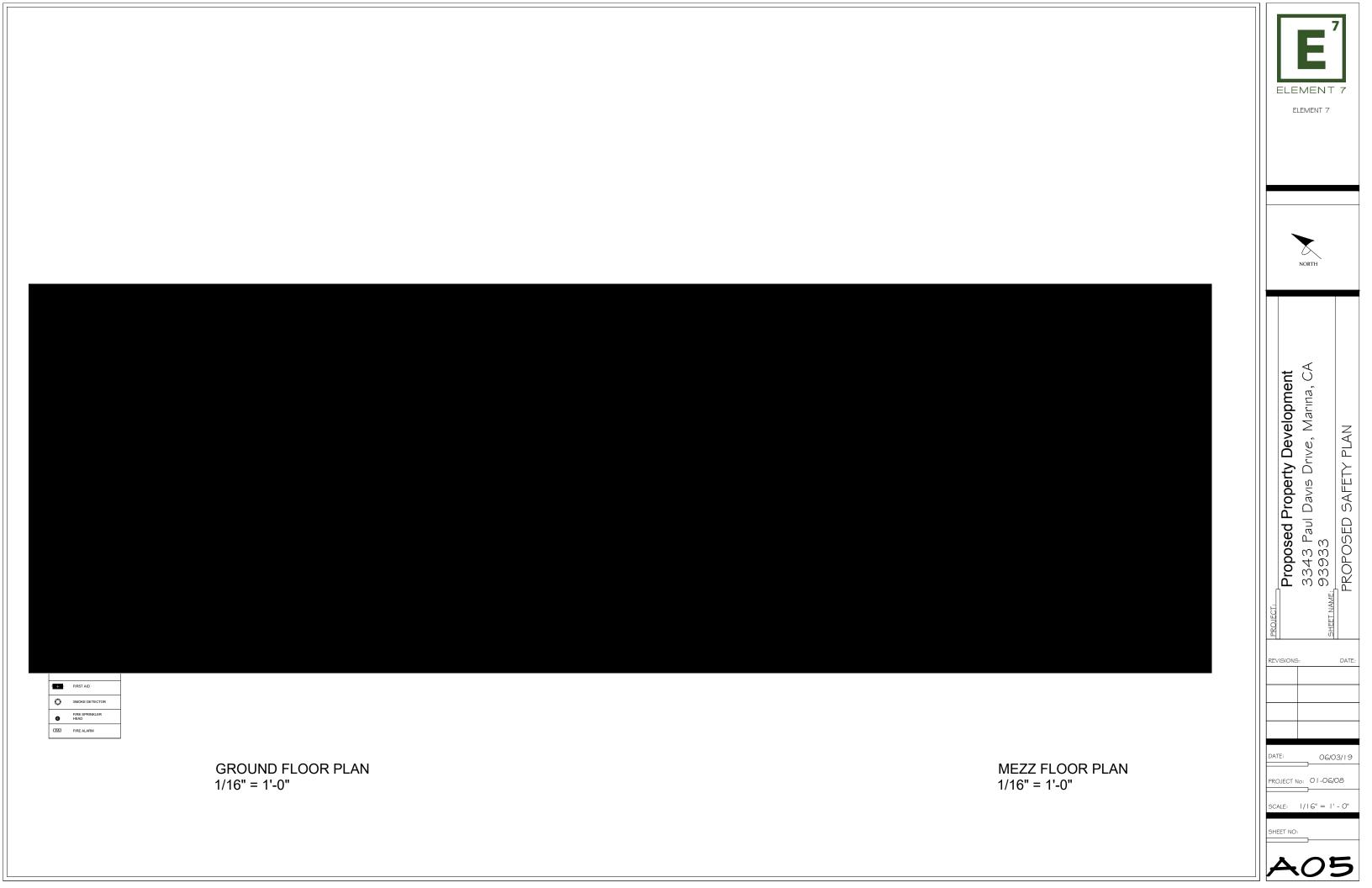














ELEMENT 7



Proposed Property Development
3343 Paul Davis Drive, Marina, CA
93933
PROPOSED RESTRICTED ACCESS PLAN

REVISIONS:

REVISIONS:

DATE: 06/03/19

PROJECT No: 01-06/08

SCALE: |/| 6" = |'-0"

SHEET NO:

MEZZ FLOOR PLAN 1/16" = 1'-0"

A06

SITE SAFETY PLAN



Facility Safety Features

The Facility has many safety features to protect employees and the physical building itself, including the following:

- Continuous Connection with Local Law Enforcement: The Facility is located 1.9 Miles (6 minutes) from the Marina Police Department and can be accessed via Del Monte Boulevard.
- Alarm Systems and Restricted Door Entry: Element 7 will install a State-Certified security system to manage the premises, with all doors to have biometric scanners and swipe card access (2-factor authentication). Panic buttons are installed in the Facility in the event of an armed robbery or other security breach. All windows shall be secured against entry from the outside. Exterior doors shall be properly equipped with panic hardware as required by all applicable state codes.
- Video Surveillance: All video surveillance will be monitored by security personnel from the Central Security Control Room. Security personnel will have direct contact lines to local law enforcement authorities to report any suspicious activities and/or emergency situations. All Video Monitoring will have a direct live feed to Marina Police Department at all times.



- 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).
- **Motion Detection System:** Element 7 will install Motion Detection sensors on the Roof of the Building which shall activate an Alarm if triggered. These will be appropriately installed by a State-Licensed Security firm and tested every 3-months.
- **Security Guards:** All security guards employed at Element 7 will be licensed by the Bureau of Security and Investigative Services (BSIS) with a valid Department of Consumer Affairs Security Guard License ('Security Guard Card') which is obtained by completing the annual pre-licensing course.
- Staff Training and Standard Operating Procedures: A number of procedures
 are highlighted in this document that deal with appropriate staff training, roleplaying 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:

| <u>Work Areas</u> | <u>Fire Hazards</u> |
|-----------------------|----------------------------|
| 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:

<u>Fire Control Measures</u> <u>Inspection Frequency</u>

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 in the main office 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 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 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 nonowned 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 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.





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 Cultivation Facility in the City of Marina for Element 7 Marina LLC – 3343 Paul Davis Drive

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 3343 Paul Davis Drive. Plans will include installing sprinklers throughout the entire building. The Owners will use the facility for cultivation of marijuana. The products stored will vary and can include:

- Cannabis Flower
- Cannabis by–products and waste
- Cannabis Trim

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.

ELHAM KLAUSBRUCKNER

FIRE

PROTECTION

Sincerely,

Elley Klausbruckner, FPE Fire & Life Safety Consultant



ELEMENT 7 ELEMENT 7 Proposed Property Development
3343 Paul Davis Drive, Marina, CA
93933
PROPOSED SAFETY PLAN 06/03/19 SCALE: 1/16" = 1' - 0"

MEZZ FLOOR PLAN 1/16" = 1'-0"

GROUND FLOOR PLAN 1/16" = 1'-0"

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 bumpit-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:

- 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.



Promoting Good Government at the Local Level

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.



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 – LOCAL STAFFING AND MANAGEMENT

Dear Robert and Tony,

Thanks for your time recently to discuss your upcoming commercial cannabis application in the City of Marina.

I appreciate you taking the time to walk me through your approach to cannabis in the City and the upcoming cannabis application process. Your commitment to hiring local talent and community support initiatives are progressive and sound exactly what the industry and City requires from operators in your industry.

As a ______ year resident of the City of Marina, I appreciate companies like yours focusing on hiring local talent, providing best-in-class training, and other benefits such as sick leave, annual leave, paternity leave, and medical coverage.

We wish you all the very best in the upcoming process and I would be excited to apply for a position within your company if you are successful.

Kind regards.

(317)681-3933

06.04.2019

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Kind regards,

Alex Davs 3169 Seacrest Que # I-1 Mariver Ca 93933

6-3-19

916.225.5648

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Kind regards,

Paul Greiner Marina, CA 93933

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 and Fran's tireless efforts to engage with them. Over 65% of our immediate neighbors have been engaged and have verbally voiced their approval of a cannabis business in the neighborhood, which is consistent with Marina's Measure-V.

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.

Parking Management

The site has sufficient off-street parking for both staff and suppliers, including an ADA-compliant parking space. All parking spaces will be clearly marked and sign-posted for the convenience of Element 7 staff.



Appropriate Location

Element 7 has chosen **3343 Paul Davis Drive**, **Marina**, **California** as our proposed business location due to the appeal of the discrete location which is ideal for cannabis cultivation in a light-industrial neighborhood.

Construction Compatibility

The constructed Facility is of very similar in construction to buildings in the immediate vicinity which include a number of small industrial buildings.

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.

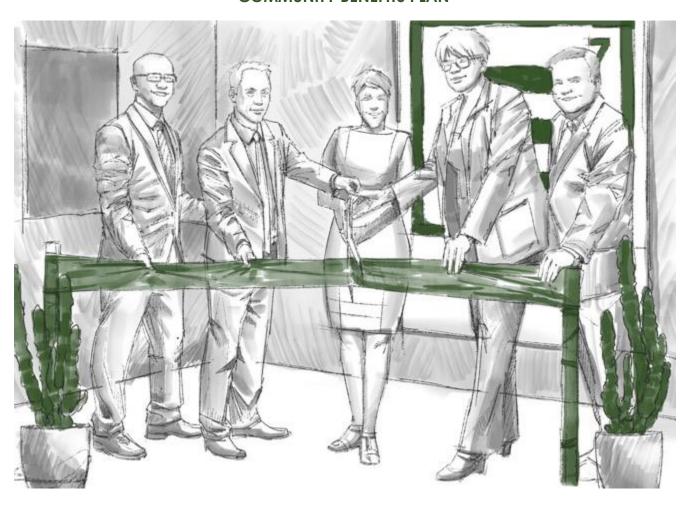
Summary

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 66% 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.



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.

| Thank you for your online contribution to Wendy Root Askew for Monterey County Supervisor 2020. | | |
|---|--|--|
| eceipt | | |
| 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:

- 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.



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



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