



# 2017

## BUSINESS PLAN



▶ Pharm House &  
Sugarleaf

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# 1 EXECUTIVE SUMMARY

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Pharm House Wellness Center is pursuing entry into the California Cannabis Industry. Pharm House Wellness Center intends to dispense cannabis to qualified California patients and recreational users in Seaside, California.

Pharm House plans to operate an adult-use cannabis dispensary at 778 Broadway Avenue, in the City of Seaside. The facility will solely operate as a retail dispensary, there will be no cultivation or manufacturing taking place.

Pharm House Wellness Center's goal is to provide the best cannabis products available, in a safe, legal and comfortable environment. Pharm House intends on being an example of how to best operate an adult-use dispensary in the City of Seaside.

Our dispensary is being designed and built to feature state of the art technology with forward-looking green practices. Security and safety are critical components of our operations. We also plan to take every effort to be "good neighbors" in the community. This means providing extensive community outreach, such as hiring and public involvement. It also means minimizing any negative impacts or nuisances that may arise from our operations.

Ultimately, it is the goal of Pharm House Wellness Center to demonstrate the amount of preparations owners Tyson and Wes have put into this project. Both individuals are striving to make opening Pharm House as turn-key as possible. This can be demonstrated by their attention to detail and early planning.

To summarize their efforts, Pharm House Wellness Center has assembled a business plan to outline the key company objectives and mission. Our plan will summarize the estimated start-up costs, provide income estimates for the first year of operations, and outline additional details that will be required to operate as a compliant canna-business.

## 1.1 MISSION

Pharm House Wellness Center's mission is to dispense premium grade cannabis and cannabis products. The focus will be to procure and sell a recognizable retail brand of excellence. The products will be professionally processed, packaged and presented to patients in a service-focused environment.

Staff will be knowledgeable of the products we are dispensing and will be able to provide patients insight into the effects of each cannabis type. The workforce will be diverse and will also be trained to serve patients courteously, informatively, and always with their dignity in mind. Finally, Pharm House Wellness Center intends to be regarded by the local community and patients as a professional operation who adds economic and health value to the local population.

## 1.2 OBJECTIVES

Pharm House Wellness Center's key objectives are:

- To obtain approval from the city of Seaside to open a dispensary
- To create a plan that enables a turn-key operation upon approval to operate the dispensary
- To become the preferred cannabis dispensary among patients and visitors within the City of Seaside.
- To provide a safe mechanism for patients and recreational users to access cannabis and its potential benefits.
- Inside the dispensary setting, to provide safe and legal access to cannabis for all qualified patients or recreational users.
- To create a professional brand image to earn trust and respect within the communities we serve.
- Formulate an estimated budget to ensure sufficient funding is available.
- Create a business plan that can be presented to partners, the state, and those responsible for executing and delivering on the mission.

## 1.3 NEW PARTNERSHIP

Pharm House has gone through the initial ranking for the Cannabis Dispensary permitting process. According to the City of Seaside's permitting process, after the initial ranking applicants are allowed to partner so they may combine applications. Pharm House has chosen to partner with Sugarleaf which is another applicant that submitted with the property, 840 Broadway Avenue. We are confident that this new-found partnership will bring the City of Seaside an even stronger group that offers more expertise, capital and abilities.

## **2 ORGANIZATION SUMMARY**

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### **2.1 LEGAL ENTITY**

Pharm House Wellness Center is organized as a General Stock S-Corporation, filed with the Secretary of State of California on February 3, 2017. By-laws will be carefully written and will be used to direct operations. This will ensure that disputes are limited as they are more common in the cannabis industry. Legal counsel will be engaged to initiate steps to protect intellectual property and brand awareness in California.

### **2.2 PROFESSIONAL ADVISORY TEAM**

Pharm House Wellness Center is committed to the company success. It is in that commitment that professional advice has been retained by the company. This include the following:

- Ronald H Pacheco & Son's Inc – A CPA firm out of Salinas, California
- CRC – Cannabis Research Consultants
- CannaGuard Security
- Legal Counsel as necessary



## 2.4 REVENUE PROJECTIONS

Long-term viability is based on a strong foundation. Our goals are to build a strong foundation that includes a premium retail experience. Pharm House Wellness Center anticipates that each monthly visitor will spend approximately \$89 per visit to the dispensary. Approximately 42% of the sales will be non-flower product with 58% of the sales on raw flower. The Cost of Goods sold predicts 32% for raw flower and 44% for non-flower items.

In total, during the first year of operations, Pharm House Wellness Center expects approximately \$4.75M in revenue. Our start-up costs are \$49k and one year of operating expenses \$422k, which is a total of \$471,766. **Please see our Appendix for proof of capitalization which \$682,000. The Pharm House and Sugarleaf team has more than enough funding to operate for year 1.**

		First Year
Item	Notes	Total
<b>MEMBERS</b>		49780
Per Hour		
<b>REVENUES</b>		
Flowers	3.1	\$2,307,795
Edibles	4	\$548,574
Pre-Rolls	5	\$624,240
Concentrates	6	\$510,742
Vapor Pens	7	\$392,514
Beverages	8	\$179,705
Tinctures & Sublinguals	9	\$104,040
Topicals	9.1	\$52,020
Capsules	9.2	\$33,104
Multi-Item Gift Sets	9.3	\$4,729
<b>Total Revenues</b>		<b>\$4,757,463</b>
<b>COSTS OF GOODS SOLD</b>		
Flowers/Pre-Rolls	16	\$1,073,125
Edibles	17	\$233,693
Concentrates	17.2	\$229,323
Vapor Pens	17.3	\$167,996
Beverages	17.4	\$78,711
Tinctures & Sublinguals	17.5	\$45,361
Topicals	17.6	\$23,045
Capsules	17.7	\$13,904
Multi-Item Gift Sets	17.8	\$2,142
<b>Total COGS</b>		<b>\$1,867,299</b>
<b>EXPENSES</b>		
Wages & Benefits		\$334,503
Rent		\$33,600
Utilities		\$3,420
Insurance General Liability		\$5,614
Insurance Workmans Comp		\$17,353
Advertising & Promotions		\$13,500
Office Supplies		\$600
POS System (Flow Hub)		\$5,748
Comcast Business		\$1,200
Surveillance System		\$2,400
Postage & Courier		\$600
Quickbooks		\$420
Payroll System		\$965.76
CPA		\$2,100.00
<b>Total Expenses</b>		<b>\$422,024</b>
<b>EARNINGS BEFORE INTEREST AND TAXES</b>		<b>\$2,439,765</b>
6% Tax on Gross Receipts (Local)	18.2	\$283,745
8.75% Sales Tax (State)	18	\$213,479
15% Excise Tax on Purchased MJ (State)	18.1	\$280,095
6% of up to \$2k of annual sales/sqr ft	18.3	\$283,745
Payroll tax		\$27,543
<b>INCOME (Pre-FED)</b>		<b>\$1,351,157</b>
Federal Income tax (Estimated @ 40%)		\$540,462.94
<b>NET INCOME</b>		<b>\$810,694</b>

## 2.5 BOARD OF DIRECTORS

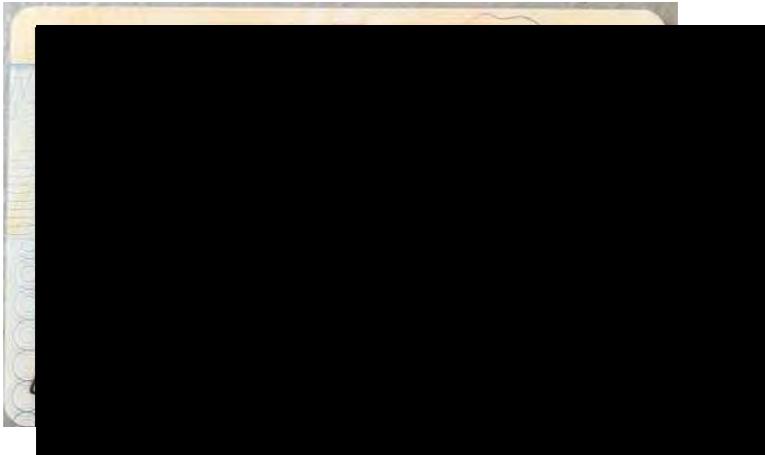
### Chief Executive Officer: Wes Clark

Wes Clark holds a Bachelor of Business Management from the University of West Georgia. He majored in Business Management and earned a minor in Sales. For the last 5 years, Wes has served in several sales roles with increasing levels of responsibility. During his tenure at TrueTrac out of Salinas, California, Wes spent time cold calling and attending in-person visits with prospective clients. He was responsible for working with Food Safety Managers, traveling to tradeshow, and managing training presentations. He was also responsible for managing the ZoHo CRM Software for the sales team.

In April of 2012, Wes transitioned to Foodlink Inc out of Los Gatos, California. His responsibilities included selling a suite of Foodlink Products by demonstrating the value of each item offered. He also educated company owners and Food Safety Managers on new industry trends for agricultural software. He managed the Salesforce CRM tool for the sales team. Lastly, he onboard new employees and hosted weekly webinars with his peers to show new software features.

In April of 2014, Wes made his next career move to where he is currently employed at Cintas Corporation out of Gilroy, California. Here is responsible for business to business sales. Each week, he is accountable for 16 new presentations, 50 cold calls, and 100 phone dials. He provides training to new sales representatives and works with Service Sales Representatives to maximize accounts and create a seamless service model.

Throughout his career, Wes has demonstrated his commitment to employee growth and development. He thrives on monitoring industry trends and providing his peers with the tools to learn those trends through 1:1 mentoring, webinars, and weekly updates. Such commitment can be expected out of Wes with Pharm House Wellness Center. In addition to dedication to the community, Wes will deliver quality continuing education to Pharm House Employees. His experience in sales, presentation, and teaching will make him astounding mentor to his employees.





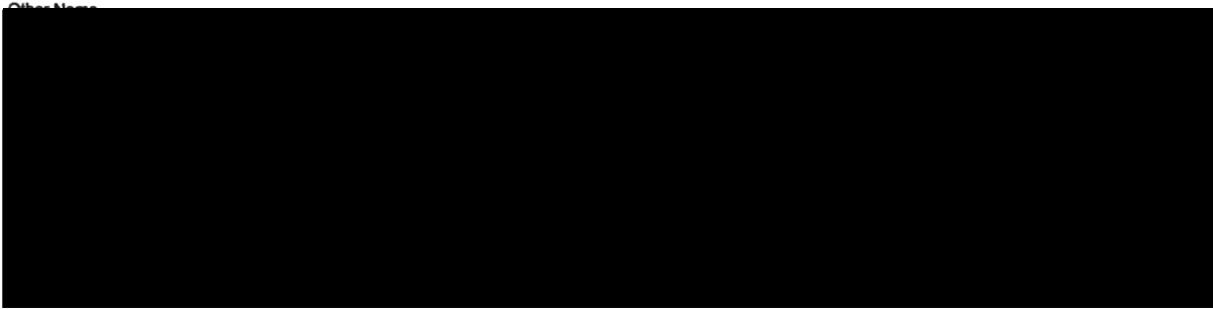
REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

CA 0271000 ORI (Code assigned by DOJ) License Certification, Permit Authorized Applicant Type  
Cannabis Dispensary Permit Type of License/Certification/Permit OR Working Title (Maximum 30 characters - if assigned by DOJ, use exact title assigned)

Contributing Agency Information:  
City of Seaside Agency Authorized to Receive Criminal Record Information 03898 Mail Code (five-digit code assigned by DOJ)  
440 Hancock Ave Street Address or P.O. Box Contact Name (mandatory for all school submissions)  
Seaside CA 94155 City State ZIP Code Contact Telephone Number

Applicant Information:  
Clark Last Name Wesley First Name M Middle Initial Suffix



Your Number: \_\_\_\_\_ Level of Service:  DOJ  FBI  
OCA Number (Agency Identifying Number)

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

Employer (Additional response for agencies specified by statute):  
Employer Name \_\_\_\_\_ Mail Code (five digit code assigned by DOJ) \_\_\_\_\_  
Street Address or P.O. Box \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_ Telephone Number (optional) \_\_\_\_\_

Live Scan Transaction Completed By:  
Linda L. Lopez Name of Operator 11/01/2017 Date  
The Mail Box MR2 Transmitting Agency LSID E305 CLW600 \$100.00 credit ATI Number Amount Collected/Billed

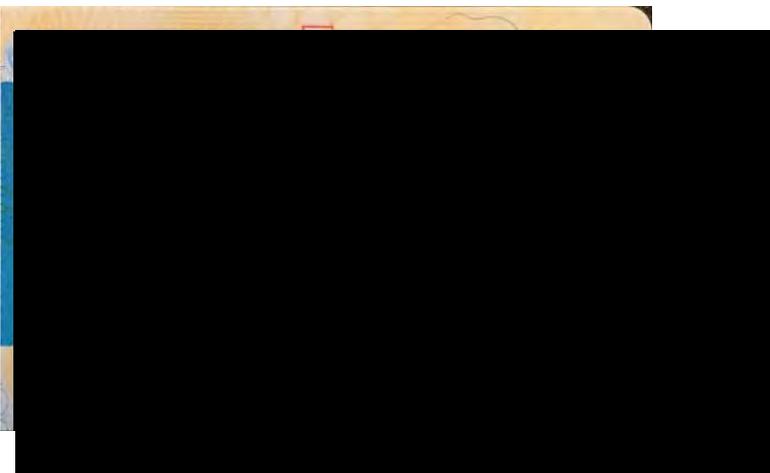
ORIGINAL - Live Scan Operator      SECOND COPY - Applicant      THIRD COPY (if needed) - Requesting Agency

**Chief Operating Officer: Tyson Hunter**

Tyson Hunter is an enthusiastic, thoughtful, and determined entrepreneur who thrives on building and establishing great organizations. A resident of Seaside, Tyson holds an Associate of Science with a concentrate in Business Administration from Flathead Valley Community College in Kalispell, Montana where he also worked in the Intramurals Department managing rental equipment.

His work experience includes several retail and service related roles where he consistently grew with each organization who increased his responsibilities. Tyson has worked as a Marketing Manager at Owens Corning, as a Groundskeeper at Bloody Point Golf Course, and as a Bartender at several large-scale restaurants. In these roles, he’s been accountable for payroll, marketing training, tip allocation, inventory tracking, large equipment management, and consistently provided outstanding customer service. Currently, Tyson is locally employed at the Buffalo Wild Wings in Seaside, California.

Tyson not only demonstrates an impeccable work ethic, but his history shows that he consistently provides to the community that he is a member of. He served as a volunteer firefighter for 3 years with the Daufuskie Island Fire Department on Daufuskie Island, South Carolina. Most recently, Tyson has contributed to Seaside Sea Stars events winning the “Pop-tacular” Award on PARKing Day. More details can be found in the Community Benefits section to demonstrate his commitment to the Seaside Community.





REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

CA 0271000

ORI (Code assigned by DOJ)

License, Certification, Permit  
Authorized Applicant Type

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

Contributing Agency Information:

CAPD SEASIDE

03898

Agency Authorized to Receive Criminal Record Information

Mail Code (five-digit code assigned by DOJ)

440 HARCOURT AVE.

Contact Name (mandatory for all school submissions)

Street Address or P.O. Box

Seaside

CA 93955

Contact Telephone Number

City

State ZIP Code

Applicant Information:

Hunter

Last Name

Tyson

First Name

R

Middle Initial

Suffix

Other Name



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

Original ATI Number

Employer (Additional response for agencies specified by statute):

Employer Name

Mail Code (five digit code assigned by DOJ)

Street Address or P.O. Box

City

State

ZIP Code

Telephone Number (optional)

Live Scan Transaction Completed By:

Linda L. Lopez

Name of Operator

11/01/2017

Date

The Mailbox MR2

Transmitting Agency

LSID

E305HUT597

ATI Number

\$60.00 Credit

Amount Collected/Billed

ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

THIRD COPY (if needed) - Requesting Agency

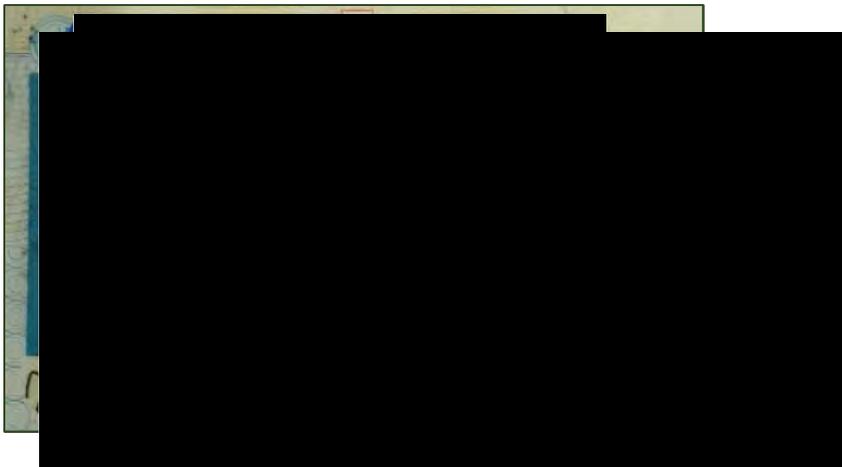
**Compliance Officer – Joey Espinoza**

Joey has been involved in the cannabis industry for nearly 8 years, first starting in 2010. It was then, when he began to work for PerfectGardens.com which is a retail store that sells cannabis cultivation equipment. Through this experience he gained an immense amount of knowledge in the cannabis industry because his daily job was to help growers learn how to produce the highest quality of product.

In 2014 he founded Canna Freedom which was a medical cannabis delivery business, servicing valid cannabis patients of Monterey County. Through this experience he learned how to properly serve patient with medical ailments who were seeking cannabis as a way to help relieve their symptoms. He served a total of 500 patients at the height of his delivery service. Once the City of Salinas and Monterey County began to construct and implement new regulations pertaining to his business type, he decided to temporarily shut down the delivery service in order to avoid violating any new rules and regulations set forth by the City and County.

In 2015, Joey co-founded Monterey County NORML (National Organization for the Reform of Marijuana Laws) which is a cannabis advocacy group focused on reforming prohibition. He offered insight and input to both the City of Salinas as well as Monterey County while they were drafting their cannabis ordinances. Through his experience with this non-profit organization, he also gained knowledge from the various different members who joined which ranged from cultivators, dispensary owners, manufacturers and nearly every other aspect of the cannabis industry.

July of 2016, Mr. Espinoza co-founded the Cannabis Research Consultants which is a consulting company focused on assisting marijuana entrepreneurs in obtaining local and state licensure for their business operations. He currently represents over a million square feet of cultivation space in Monterey County. Those clients are currently going through the Conditional Use Permit process in order to eventually, also, obtain a State license. He is also working with several groups in the City of Seaside to obtain dispensary and manufacturing permits.





REQUEST FOR LIVE SCAN SERVICE

Print Form

Reset Form

Applicant Submission

CA0271000

ORI (Code assigned by DOJ)

License cert or permit  
Authorized Applicant Type

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

Contributing Agency Information:

Seaside Police Department  
Agency Authorized to Receive Criminal Record Information

03898  
Mail Code (five-digit code assigned by DOJ)

440 Harcourt Avenue  
Street Address or P.O. Box

Regina Lualemana  
Contact Name (mandatory for all school submissions)

Seaside CA 93955  
City State ZIP Code

8318996753  
Contact Telephone Number

Applicant Information:

Espinoza  
Last Name

Joseph J  
First Name Middle Initial Suffix



Your Number: \_\_\_\_\_  
DCA Number (Agency Identifying Number)

Level of Service:  DOJ  FBI

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

Original ATI Number \_\_\_\_\_

Employer (Additional response for agencies specified by statute):

Employer Name \_\_\_\_\_

Mail Code (five digit code assigned by DOJ) \_\_\_\_\_

Street Address or P.O. Box \_\_\_\_\_

City State ZIP Code \_\_\_\_\_

Telephone Number (optional) \_\_\_\_\_

Live Scan Transaction Completed By:

R. Vallejo

NOV 02 2017

Name of Operator The Post Box - GA6

Date \_\_\_\_\_

Transmitting Agency LSID \_\_\_\_\_

ATI Number M306ESJ1007 Amount Collected/Billed \_\_\_\_\_

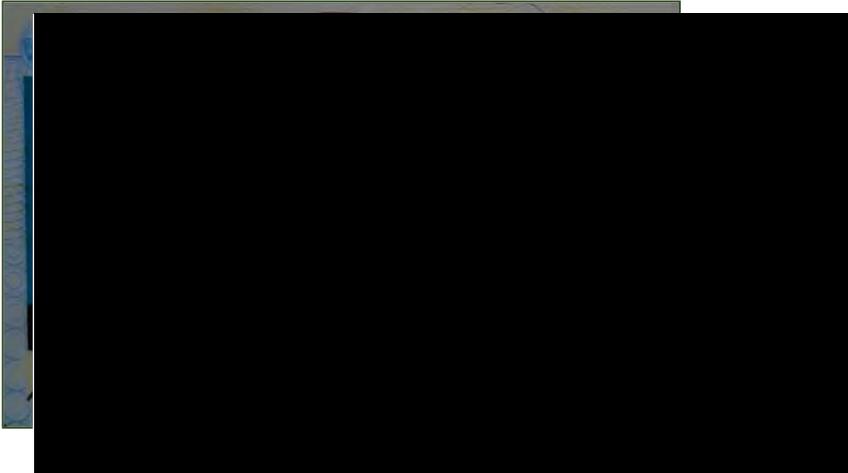
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THIRD COPY (if needed) - Requesting Agency

**Compliance Officer – Ryan Munevar**

Ryan Munevar is a founding partner of CRC – Cannabis Research Consultants. He has worked in the Cannabis Industry since 2012 and has been the acting Executive Director of Monterey County NORML since 2015. In 2016-2017, Ryan has acted at the Expansion Team Director creating a NORML presence in Los Angeles, San Luis Obispo, and Calaveras. Prior to serving in NORML, Ryan was a member of the Coastal Growers Associate, Responsible Cultivation Santa Cruz, and Cannabis Advocates Alliance. Ryan has a strong background and connection to cannabis advocacy. This brings a wealth of knowledge to the Pharm House Team to ensure that the group continues to with community involvement and advocacy.





REQUEST FOR LIVE SCAN SERVICE

Print Form

Reset Form

Applicant Submission

CA0271000

ORI (Code assigned by DOJ)

License / Cert / Permit

Authorized Applicant Type

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

Contributing Agency Information:

Seaside Police Department  
Agency Authorized to Receive Criminal Record Information

03898  
Mail Code (five-digit code assigned by DOJ)

440 Harcourt Avenue  
Street Address or P.O. Box

Regina Lualemana  
Contact Name (mandatory for all school submissions)

Seaside CA 93955  
City State ZIP Code

8318996753  
Contact Telephone Number

Applicant Information:

Munevar  
Last Name

Ryan  
First Name Middle Initial Suffix

Other (AKA)  
10  
Date  
5'8"  
Height  
Ne  
Pla

Home  
Add

Your Number: \_\_\_\_\_  
OCA Number (Agency Identifying Number)

Level of Service:  DOJ  FBI

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

Original ATI Number \_\_\_\_\_

Employer (Additional response for agencies specified by statute):

Employer Name \_\_\_\_\_

Mail Code (five digit code assigned by DOJ) \_\_\_\_\_

Street Address or P.O. Box \_\_\_\_\_

City State ZIP Code \_\_\_\_\_

Telephone Number (optional) \_\_\_\_\_

Live Scan Transaction Completed By: **A. Wilson**

NOV 06 2017

Name of Operator: **The Post Box - GAF**

Date: **11/06/2017**

Transmitting Agency LSID \_\_\_\_\_

ATI Number Amount Collected/Billed **57-**

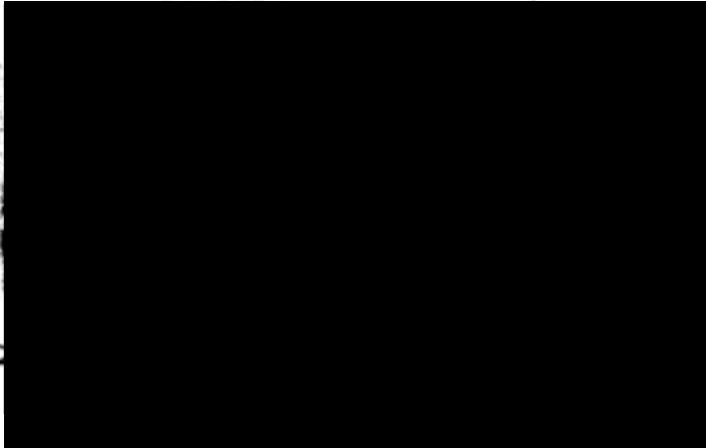
ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

THIRD COPY (if needed) - Requesting Agency

**Board of Director – Reginald Carter**

Reginald Carter is a United States Navy veteran (Permit-class nuclear submarine) and Regional Sales Manager for Bayer. With an M.S. in marketing from Northwestern University, Reg has major advertising industry experience. In addition he has strong pharmaceutical expertise having worked for some of the industry’s best such as Merck, Schering-Plough and Wyeth earning President’s Club and the Global B3 competition for sales excellence. Reg and his wife [REDACTED] have been [REDACTED]





REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

CA0271000

ORI (Code assigned by DOJ)

LICENSE/CERT/PERMIT  
Authorized Applicant Type

RECREATIONAL CANNABIS DISPENSARY  
Type of License/Certification/Permit OR Working Title (Maximum 30 characters - if assigned by DOJ, use exact title assigned)

Contributing Agency Information:

SEASIDE POLICE DEPT.  
Agency Authorized to Receive Criminal Record Information

440 HARCOURT AVE.  
Street Address or P.O. Box

SEASIDE  
City

CA 93955  
State ZIP Code

03898  
Mail Code (five-digit code assigned by DOJ)

REGINA LVALEMANA  
Contact Name (mandatory for all school submissions)

831-899-6753  
Contact Telephone Number

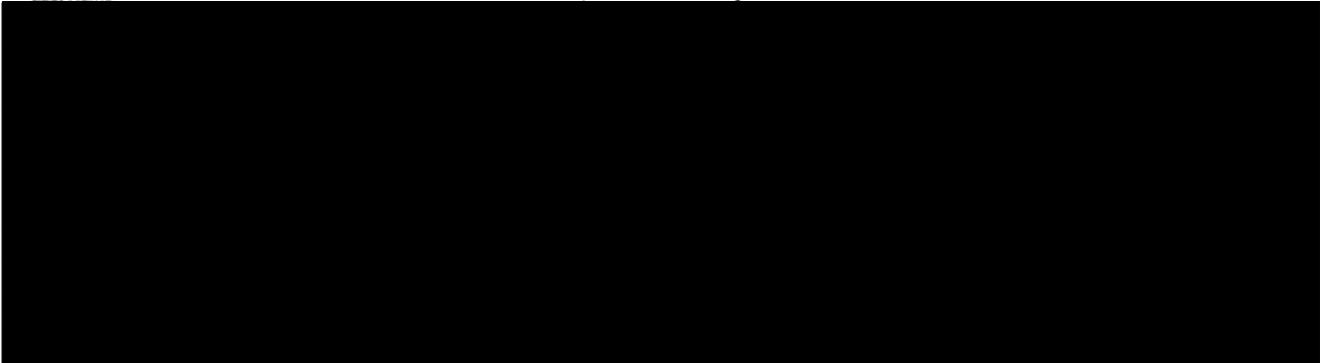
Applicant Information:

CARTER  
Last Name

REGINALD  
First Name

✓  
Middle Initial

Suffix



Your Number: [REDACTED]

Level of Service:  DOJ  FBI

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

Original ATI Number

Employer (Additional response for agencies specified by statute):

Employer Name

Mail Code (five digit code assigned by DOJ)

Street Address or P.O. Box

City

State

ZIP Code

Telephone Number (optional)

Live Scan Transaction Completed By:

ERIC HOKOM  
Name of Operator

10/25/2017  
Date

The UPS Store #1664  
11220 Gold Express Dr, #310  
Tracy, CA 95376  
(916) 852-6390 Phone

FE-4  
LSID

B298 CAR 884  
ATI Number

\$57.00  
Amount Collected/Billed

ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

THIRD COPY (if needed) - Requesting Agency



**Board of Director – Brian Sheltra**

Brian Sheltra is a United States Air Force veteran (F-15E Crew Chief) and Regional Financial manager for Capital One Auto Finance. Following his six years in the Air Force, he worked in the automotive industry for over a decade. Brian has a strong retail sales background, enhanced by his retail finance experience. Brian has been with Capital One since 2007 where he has earned President’s Club honors in five of his 10 years with the company. Brian is married to his wife [REDACTED]





### REQUEST FOR LIVE SCAN SERVICE

[Print Form](#)

[Reset Form](#)

Applicant Submission

CA0271000 \_\_\_\_\_ Authorized Applicant Type \_\_\_\_\_  
ORI (Code assigned by DOJ)

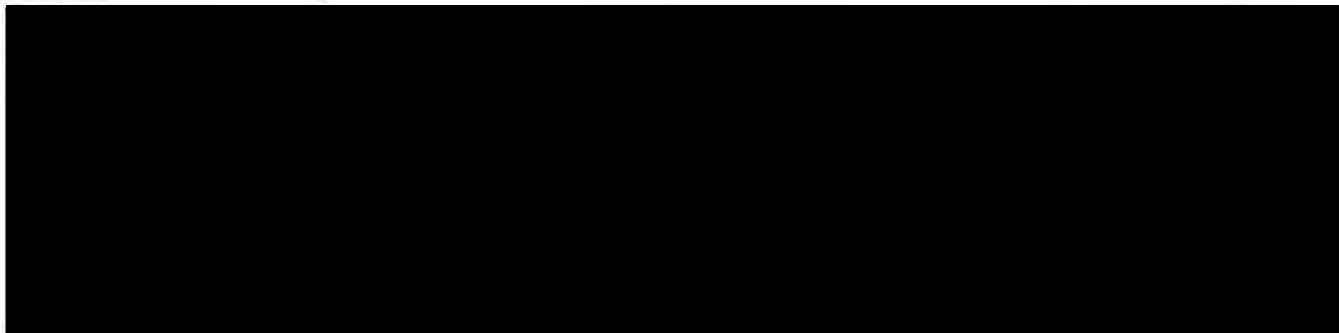
Type of License/Certification/Permit OR Working Title (Maximum 30 characters - If assigned by DOJ, use exact title assigned)

Contributing Agency Information:

Seaside Police Department Agency Authorized to Receive Criminal Record Information		03898 Mail Code (five-digit code assigned by DOJ)
440 Harcourt Ave Street Address or P.O. Box		Regina Lualemana Contact Name (mandatory for all school submissions)
Seaside City	CA 93955 State ZIP Code	8318996753 Contact Telephone Number

Applicant Information:

Brian Last Name	Sheltra First Name	M Middle Initial	M Suffix
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Your Number: \_\_\_\_\_  
OCA Number (Agency Identifying Number)

Level of Service:  DOJ  FBI

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

Employer (Additional response for agencies specified by statute):

Employer Name	Mail Code (five digit code assigned by DOJ)
Street Address or P.O. Box	
City State ZIP Code	Telephone Number (optional)

Live Scan Transaction Completed By:

	10/27/17	2-32
Name of Operator	Date	
WPS State 607 CP4	83002515928	\$ 59
Transmitting Agency LSID	ATI Number	Amount Collected/Billed

ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

THIRD COPY (if needed) - Requesting Agency

**Strategic Advisor: Charles Gedeon**

Charles Gedeon is a vision-driven change agent with a talent for generating business growth and innovation. He holds a Bachelor of Arts in Economics in Bucharest, Romania. He continued his education and gained a Bachelor of Arts Business Administration from the University of San Francisco. Then he attended Oaksterdam University gaining a Bachelor of Arts in Cannabis Business Operations. If 3 Bachelor Degrees are not enough, Charles completed his education by gaining Masters in Cannabis Horticulture and Manufacturing from Oaksterdam University.

From 2010 to 2014, Charles owned and operated Marin Wellness Center. In 3 years, he grew to more than 6,000 patients and reach 1 million in sales during the first year. He helped craft industry standards regarding weight, packaging and testing standard with local government agencies and officials. He was rated the #1 dispensary in Marin County for 3 years in a row. Skunk Magazine featured his clinic for their attention to medical care and hospice patients.

Since selling the Wellness Center, Charles has transitioned to property management. He served as a Regional Director at Heritage Property Management and eventually founded his own company in 2016, Effortless Management. In his first year of operations, he grew the properties represented to more than 300 at generated 1.25 million in sales. Charles has a long history of generating results in not only the cannabis industry, but for non-cannabis businesses. He is considered a friend and mentor of Tyson and Wes. His experience and leadership will help structure and ensure their success.





### REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

CA0271000

ORI (Code assigned by DOJ)

License Certification, Permit  
Authorized Applicant Type

Cannabis Dispensary Permit

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

Contributing Agency Information:

CAPD Seaside

Agency Authorized to Receive Criminal Record Information

03898

Mail Code (five-digit code assigned by DOJ)

440 Harcourt Ave.

Street Address or P.O. Box

Contact Name (mandatory for all school submissions)

Seaside

City

CA 93955  
State ZIP Code

Contact Telephone Number

Applicant Information:

Gedeon

Last Name

Charles

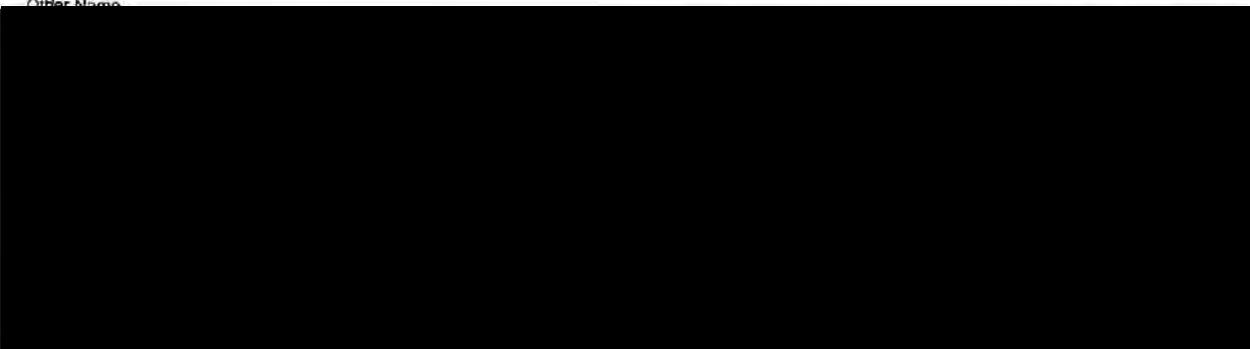
First Name

Omar

Middle Initial

Suffix

Other Name



Your Number:

OCA Number (Agency Identifying Number)

Level of Service:

DOJ  FBI

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

Original ATI Number

Employer (Additional response for agencies specified by statute):

Employer Name

Mail Code (five digit code assigned by DOJ)

Street Address or P.O. Box

City

State ZIP Code

Telephone Number (optional)

Live Scan Transaction Completed By:

Linda L. Lopez

Name of Operator

Date

11/14/17  
F318GEC847

ATI Number

the MailBox

Transmitting Agency

MR2

LSID

\$60.00 - Credit

Amount Collected/Billed

ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

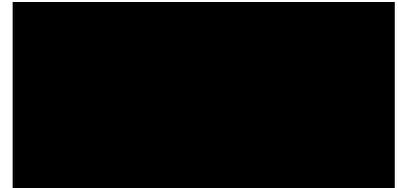
THIRD COPY (if needed) - Requesting Agency

## 2.5.1 Successful Prior Business Experience

Below is more information on our Strategic Advisor, Charles Gideon. We've included documentation of his previous financials running a dispensary along with his resume and a magazine article featuring him.

### 2.5.1.1 Charles Resume

## CHARLES GEDEON



### PROFESSIONAL SUMMARY

Vision-driven change agent with talent for growth and innovation

Growth-focused leader with expertise spanning Real Estate & Cannabis marketing and sales strategy, public relations, operations optimization, client and vendor relationship management, market analysis, management development, team leadership, and cultivation.

### PROFESSIONAL EXPERIENCE

EFFORTLESS MANAGEMENT, FEBRUARY 2016-JUNE 2017

#### Co-FOUNDER AND CEO

- Grew the number of properties represented by Effortless to 300+ in the span of a year
- Generated 1.25 million in sales in the first 8 months. Year two projected to reach 3.5 million
- Created all marketing and sales strategies, including the website build out
- Negotiated all client contracts, including those with other companies and individuals
- Conceptualized all back-end technology processes, such as the automation of client check-ins
- Assembled a communications team, including an outlet in the Philippines, to provide round-the-clock communications coverage

PILLOW HOMES, JANUARY 2013-NOVEMBER 2015

#### OPERATIONS (MCO)

- Amplified the Bay Area market from 5 properties to over 250, including one of the landmark Painted Ladies properties.
- Spearheaded creative local marketing, public relations and event management solutions.
- Trained MCOs in cities across the West Coast to support greater operations efficiency.
- Oversaw management operations on short-term rentals; San Jose to Napa County and the East Bay.
- Interfaced with homeowners and vendor partners in the capacity of management liaison.
- Assessed owner and vendor needs across departments, including product development.
- Scrutinized budgets and recommended changes, resulting in \$10,000 savings/month.

HERITAGE PROPERTY MANAGEMENT LIMITED, JANUARY 2014-MARCH 2015

#### REGIONAL OPERATIONS DIRECTOR

- Negotiated commercial and residential leases including with Allied Refrigeration, Cisco and Starbucks.
- Directed the hiring of contractors such, design engineers, and electrical to provide quality services reliably and within budget.
- Managed several residential apartment and commercial buildings in San Francisco; Marin County and Orange County.
- Managed a portfolio of 500m+ in assets.
- Grew and Managed a staff of 35 employees.

Marin Wellness Center, January 2010 - December 2014

**Co-Founder and Operator/Owner**

- Founded 1 of 7 dispensaries in Marin County.
- Grew patient count from 0 to over 6,000 in three years.
- Reached sales of 1 million by year one.
- Grew our cultivation branch to over 3000 pounds harvested quarterly.
- Grew supply chain and supplied over 35 local collectives including Sparc, Harvest, Meta thrive, Element and Harborside.
- Helped craft industry standards regarding weight, packaging and testing standard with local government agencies and officials.
- Created one of the first full in house collectives.
- Cultivated flowers, concentrates and edibles with the highest standards.
- Rated #1 dispensary in Marin County 3 years in a row.
- 2010 Cannabis Club winner for San Fernando Og Kush (Article in High Times)
- Full write up by Skunk Magazine on our attention to medical care and hospice patients. Donated over 5k in medicine to patients dealing with serious and life treating illnesses.
- Opened Marin County's First Delivery Service for homebound patients.
- First club in Marin to have testing on all products by Steep Hill labs.
- First FDA Calibrated scales for accurate flower and concentrate weights.

BASE GROUPE ROMANIA, MAY 2004-SEPTEMBER 2005

**OFFICE ADMINISTRATOR / TRANSLATOR**

- Translated business documents from Romanian to English and English to Romanian.
- Orchestrated interactions and dealings between brokers and fabrication departments.

WORLD LUXURY ESTATES, JANUARY 1999-SEPTEMBER 2002

**WEBMASTER**

- Supported the creation, design and management of a real estate online broker website.
- Piloted an online marketing campaign to spur business expansion and solidify client base.

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**EDUCATION AND CREDENTIALS**

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MASTERS IN CANNABIS HORTICULTURE AND MANUFACTURING, 2009-2010

OAKSTERDAM UNIVERSITY

OAKLAND CA

BACHELOR OF ARTS (B.A.) IN CANNABIS BUSINESS OPERATIONS 2008-2009

OAKSTERDAM UNIVERSITY

OAKLAND CA

BACHELOR OF ARTS (B.A.) IN BUSINESS ADMINISTRATION, 2005-2007

University of San Francisco

ECONOMICS DEGREE (B.A.), 2002 – 2005

Academy of Economic Studies, Bucharest, Romania

HIGH SCHOOL DIPLOMA, 1997-2001

Robert Louis Stevenson High School, Pebble Beach, CA



# MARIN WELLNESS

“He who has wandered in the gate of the sage, finds it difficult to think anything of the words of others.” - Mencius

MYLES NORTH

I parked my car under the long, green shadow of Mount Tamalpais in Kentfield, California and walked into Marin Wellness Center, located right off that span of road called Sir Francis Drake Boulevard in sunny Marin County. While I had visited the dispensary many times before, I was greeted by a new face in the waiting area; a middle-aged woman with a youthful aura about her, she introduced herself as that most dreaded player in the dispensary scene: The Landlord. But, as I soon found out, Marin Wellness is, by design, truly the inverse of the typically business-like and “shady” dispensaries many of us have seen.



Everything these dark, odd-feeling settings are, Marin Wellness is not. Instead, it is bright, airy, inviting and comfortable. In a real way, it is a microcosm of Arden-like Marin County, rather than something apart

and indifferent to its environment. This is exactly how the building’s owner, Vivian, wants it. And just like the building and the interior, the landlord is no typical landlord. Vivian is a recent convert to the medicinal

power of marijuana. She decided to give back in her own small way to a plant she now considers a gift from God.

We sat down in the waiting area of the dispensary on modern furnishings, surrounded by high, open windows allowing the sunlight to filter throughout the entire space, and she began to tell me about the transformation in her life that brought about Marin Wellness:

**"My son's father and best friend was diagnosed with advanced lung cancer and he spent the last eight months of his life at a clinic in Houston, TX. He was taking chemo and every revolutionary mix of cocktail 'medicines' - poisons, I call them now - in the hope that it would prolong his life."**

Over this period, Vivian would fly out to spend time with him and his wife; the two would rotate to keep him company during his breaks between chemo. Seeing the advanced stage of decline, the clinic offered them marijuana from their pharmacy to help with the extreme nausea. While the two had heard of marijuana having some sort of medical efficacy, neither had ever seen or smoked marijuana:

**"We looked at each other wondering: 'What do we do with this?' Eventually we figured it out. I made a few phone calls, including to my son, and I asked, 'What do we do to give this to your father?' He said to make him brownies. So, okay, we made him brownies. He ate them and we saw a change within 45 minutes. He went from wasting away, throwing up, diarrhea, so awful, to 45 minutes later he has color in his face, he has an appetite and he actually asks us, 'Are we going to go out to dinner tonight?' This experience humbled me."**

Like so many others before who have had an experience like this, she had never taken the time to know or ask about marijuana because of its stigma: "I was raised to believe it's bad, bad, bad. It's not in my world, I don't use it, I don't care. I thought that was just a story people use because they want to use drugs." It is the difference between ideas and direct experience. Before the



experience with the medicinal power of marijuana, this landlord would not have changed her ways. Many people have not had the unfortunate experience of watching a loved one waste away from chemo or a debilitating disease and because of this, they are still operating in the realm of ideas, ideologies and not facts. This ideological realm is dominated by the loudest and longest running propaganda that, more often than not, comes from the state and corporate news media. So people's thinking has been molded by ideas, crystallizing their thinking over the years (regardless of being completely unwitnessed and completely unsubstantiated), like spirits in a machine. When people talk about marijuana addiction, increased crime and "endangering the kids," they are never speaking from direct experience with

these so-called potentialities, but the *idea* of them. But as we see, when an idea comes up against reality, it is so much water splashing against Gibraltar.

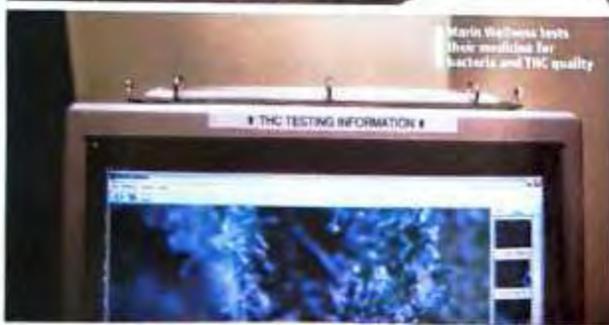
After witnessing the fact of a single brownie on a dying friend's disposition, the experience stayed with Vivian. Only two months after he passed away, she was having a tenant walk-through for the space in the building; a few people came in and said they wanted to open up a dispensary. It seemed almost like a test of her candor by the plant, as she explained that the idea of a well-known conservative building owner opening up a marijuana dispensary was not well-liked by her friends and associates:

**"I remember when I was talking to my attorney and he asked if I was going to consider these**

**remember**



Stefan weighs out some medical cannabis



Marin Wellness tests their medicine for bacteria and THC quality



Stefan accepts a new patient



Stefan works on patient applications behind some in-house shelves

VOLUME 6, ISSUE 8

clients. I said that part of me was fighting against the idea, but another part was so touched by my experience only a few months prior, and I kept asking myself: 'What if I got sick and needed this? Where would someone like me go?'

Not to the drug world. She and so many of her generation were raised to associate marijuana with shame and drug culture. Where would someone like this go for their meds? Where could they find an environment to walk into and feel good about their uplifting and against the odds decision to choose herbs instead of synthetics? That's how bright and open Marin Wellness came to be. After interviewing the seventh or eighth potential tenant, she made up her mind: The dispensary was in.

At this point in Vivian's talk, Stefan, the general manager, entered the room and apologized for being late, saying he had just come from the local hospital and had to change out of his nurse's scrubs. He couldn't have known it, but his entrance coincided with the end of the building owner's emotional story, which sounded as though it was the first time she had shared it so intimately. His entrance fresh from a hospital sounded a final chord, testifying to the efficacy of this woman's goal to create a truly receptive medical environment, so those just like her could enter and be relieved without shame. With this, she smiled at me and took her leave.

Stefan led me back into the counter room. The same high, open windows let the light into this backroom and unlike many which are set up something like a bank vault, this room had the same friendly ambiance as the waiting area. Several labeled jars of marijuana stood open for the patient's perusal. At Marin Wellness, patients are encouraged to examine, touch, smell and inspect under a USB magnifier every one of the 15 to 20 strain types provided.

"It's all about patient care," Stefan began. "We've only been open eight months, but we have a very strong patient base that keeps coming back. This is really because of the environment we create and the experience we have." Stefan deals with trauma patients with serious injuries every day. He said he's thankful to be at Marin Wellness, as it allows him to treat patients much more flexibly than he is allowed to at the hospital.

Stefan makes a note of getting to

know each patient. When I came to Marin Wellness the first few times, Stefan was completely open and completely friendly. He wanted to create a relationship with each patient, just as he does in his work at the hospital. He said that more often than not, when a serious diagnosis is given at the hospital, experimental drugs are used first and marijuana is hardly mentioned. Sadly, this is especially true of the children's hospital. While his hands are often tied in his official capacities there, as general manager at Marin Wellness, he said it was a relief to have some ability to offer those suffering from all varieties of maladies an effective, if stigmatized, medicine in marijuana.

Joel came from the back area where the extensive array of tinctures, edibles (raw, vegan and otherwise) and hashish are all made in-house. Joel is the dispensary's sativa whisperer; the grow guy who can, and will, chat you up for many hours about the art and joy of growing such a beautiful organism. For the purposes of the landlord's mission, he guides the initiated patient through the basics of marijuana, like the difference in feel and effectiveness between sativas and indicas, how to grow your own plants from clones, and anything else a patient might want to know about their medicine.

Marin Wellness is not a large dispensary. It is in fact cozy and compact, but it offers a wide variety of medicine and an unbeatably friendly and professional staff, the likes of which I have rarely seen in any dispensary. I have been to dozens of dispensaries all over the state, but between a landlord's unshakable support for a clean and open environment (with no expense spared), Stefan's friendly disposition and extensive patient care experience, and Joel's expert grow knowledge - I honestly cannot think of a more friendly and welcoming dispensary for a first-time marijuana patient than Marin Wellness.

Dispensaries with a "speak-easy" feel (we've all seen them) make it difficult for an uninitiated or new patient to become a supporter of the medical marijuana movement. A purely business attitude or an intensive security atmosphere simply scare these most vulnerable of patients right back into the arms of deadly pharmaceuticals. Marin Wellness is the antidote to these kinds of dispensaries. Like I mentioned earlier, it is open and bright, with high windows framing every wall and letting light through, it has inviting hardwood floors and modern furnishing.

The rebranding of marijuana starts

## Marin Wellness

### Location:

1100 Sir Francis Drake Blvd.  
Kentfield, CA 94904 USA



with dispensaries and the feel of a dispensary is sensed as soon as a patient gets out of their car or locks up their bike. Location is a factor; surrounding area is a factor; overly-aggressive security is a factor; the waiting room is a factor; the first person who greets patients is a major factor; and so on. If these numerous factors are not considered with the patient in mind, the dispensary is actually doing a disservice to the medical movement and, even more importantly, scaring away those most vulnerable patients that it claims to serve. If a frail grandfather of 85 cannot feel comfortable physically or psychologically in your dispensary, you need to seriously reconsider how you are serving your patients.

"Speak-easy" dispensaries, which are so common in San Francisco and LA, may appeal to the roguish, younger patient who enjoys the rebellious nature of cannabis, but they must be replaced with spaces that are well-lit, well furnished and comfortable if we truly want to rebrand marijuana as the medicine it is, and move its image away from the drug-like stimulant it is not. 🙏

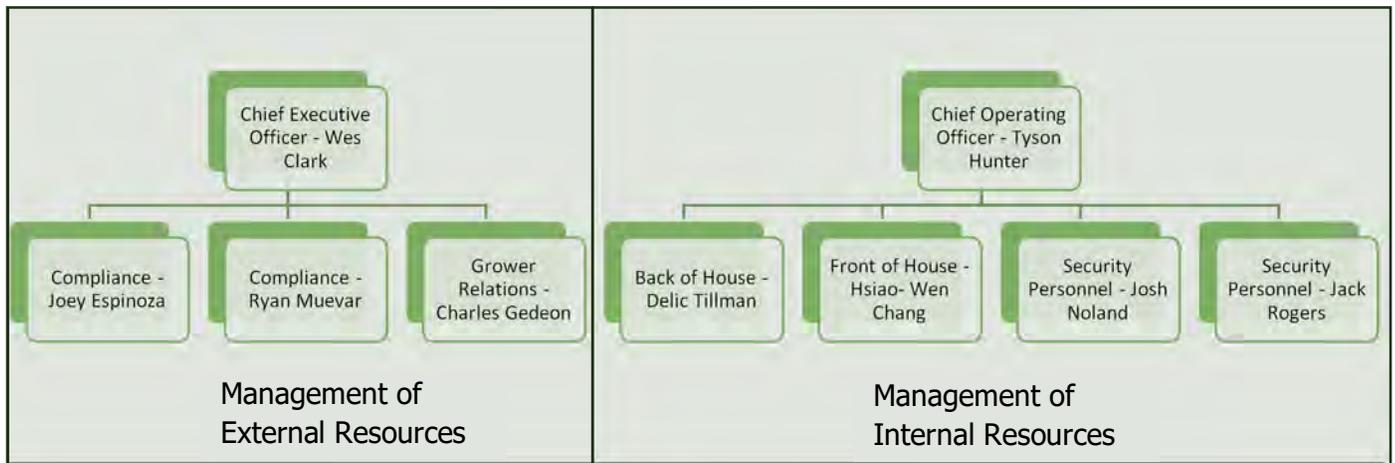
Check out Marin Wellness online at [marinwellnesscenter.org](http://marinwellnesscenter.org) or e-mail them at [info@marinwellnesscenter.org](mailto:info@marinwellnesscenter.org)

2.5.1.3 *Marin Wellness Financials*

Marin Wellness Center	
Profit and Loss	
January 1 - December 31, 2012	
	Total
Income	
4001 Cash Sales	875,324.13
4003 Credit Card Sales	753,217.39
4005 Merch Sales	35,310.18
4007 Wholesale Sales	375,400.00
Total Income	2,039,251.70
Cost of Goods Sold	
5001 Merchant WFB Account Fees	24,165.14
5014 Flower Product	564,600.00
5024 Edible Product	135,476.35
5025 Concentrate Product	45,682.98
5026 Merchandise	13,258.06
Total Cost of Goods Sold	\$783,182.53
Gross Profit	\$1,256,069.17
Expenses	783,182.53
6004 Advertising & Promotion	107,563.56
6009 Automobile Expenses	32,674.13
6010 Bank Service Charges	4,356.43
6011 Computer Security and Internet	14,754.54
6012 Point of Sales Software	15,650.00
6017 Gifts and Donoations	45,500.00
6021 Insurance Expense	13,254.54
6034 Office Staff Payroll	373,452.85
6023 Office Supplies	4,324.82
6018 Payroll Expense	1,342.05
6033 Taxes	92,546.83
6043 Rent	120,000.00
6052 Utilities	24,746.54
6055 Professional Fees	3,739.00
6063 Meals and Entertainment	6,598.34
Total Expenses	\$175,321.57
Net Operating Income	\$1,080,747.60
Net Income	\$1,080,747.60
Tuesday, Nov 21, 2017 01:29:19 PM GMT-8 - Cash Basis	

## 2.6 ORGANIZATION

Pharm House Wellness Center's is in the early process of outlining roles and responsibilities. Below is a proposed outline of the operating structure.



## 2.7 CURRENT EMPLOYEES

Below is a list of anticipated employees. Their individual ID's can be found in the appendix.

- Tyson Hunter
  - [REDACTED]
  - General Manager of Pharm House Wellness Center
  - Graduated with a 3.82 GPA in Business Administration
  - Currently Bartends at Buffalo Wild Wings in Seaside.
- Jeffrey Tillman
  - Previous employed by Monterey Bay Alternative Medicine
  - Excellent customer service skills.
  - Fantastic product knowledge.
- Hsaio-Wen Chang
  - [REDACTED]
  - Currently employed at Sly McFly's Restaurant
  - Current Student at MPC
- Jack Rogers
  - [REDACTED]
  - Security Manager for Sly McFly's Restaurant
  - Has his Guard Card from the Department of Consumer Affairs
- Josh Noland
  - [REDACTED]
  - US Army Veteran
  - US Marine Veteran
- John Tracy
  - [REDACTED]
  - Assistant Retail Manager of Zumies at Del Monte
  - Excellent retail operations knowledge/experience
- Arnetia Gamble
  - [REDACTED]
  - Social Media Expertise
  - Excellent customer service skills
- Kaleah Lewis
  - [REDACTED]
  - Customer service rep for Macy's at Del Monte
  - Graduated Seaside High with a 3.5
- Moises Reynoso
  - Sales Rep at the Cheese Shop in Carmel
  - Goes to MPC
  - Extensive retail experience
- Hee Chun Kim
  - [REDACTED]
  - Enrolled at MPC
  - Positive, enthusiastic work attitude
  - Excellent product knowledge

### 3 LOCATION

#### 3.1 PROPOSED DISPENSARY LOCATION

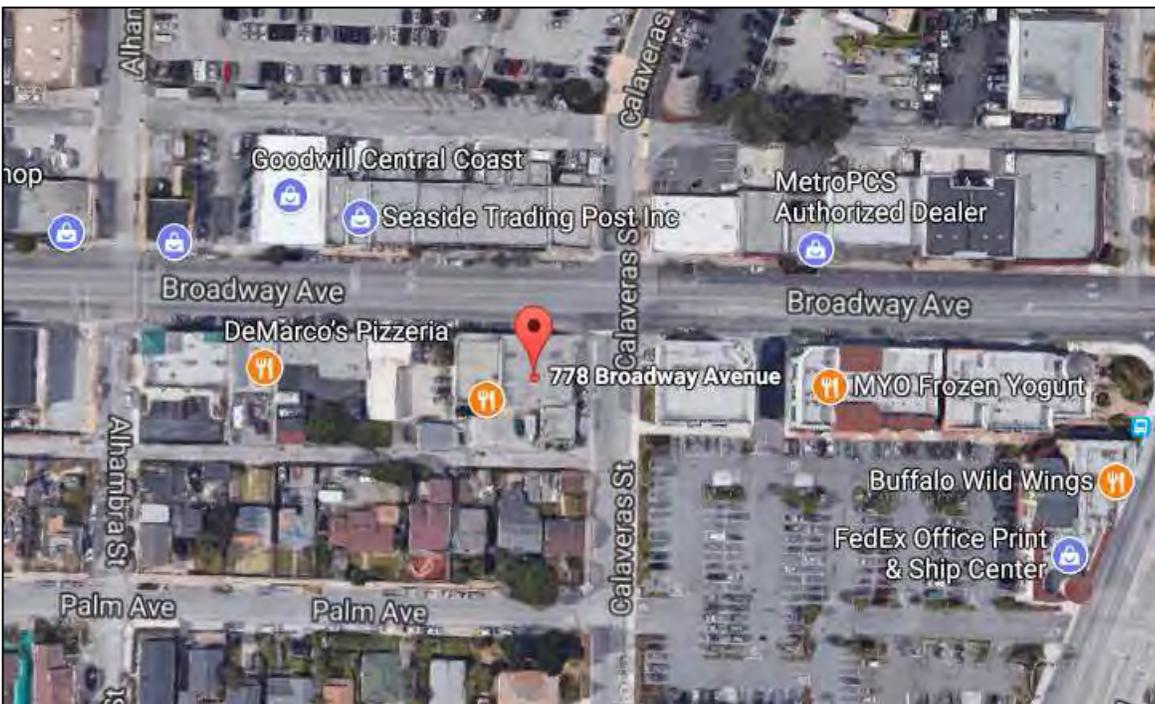
Pharm House and Sugarleaf have formed a partnership that will allow the City of Seaside to have a choice between two locations. The two locations are located very close to each other as they're both on Broadway Avenue. Below we will include information about each location for the City to review. First we will share information for the original Pharm House facility and second we will share information for the location Sugarleaf has proposed. We are applying with both thanks to our newfound partnership.

##### 3.1.1 Proposed Location #1

Pharm House has the ability to lease a 1,700 square foot building in downtown Seaside, California. This retail space is conveniently located on Broadway Avenue – one of the main thoroughfares in the city. With the new revitalization program for down town, Pharm House views the Broadway area as the best fit.

**Location Address:**

778 Broadway Avenue  
Seaside, California 93955



### 3.2 SITE DESIGN

The internal decorations and design of Pharm House Wellness Center is to create a warm and rustic appeal. Much thought has been put into how the location will look and feel. The design will create a welcoming environment and will not be designed like a “headshop”. Given the minimal requirements for renovation, ample effort will be put into the dispensary décor.

In lieu of the pending work done by the State of California to implement recreational marijuana, Pharm House Wellness Center has created 2 floor plans.

- [REDACTED]
- [REDACTED]

### 3.3 SITE BUILD OUT

PHARM HOUSE WELLNESS CENTER will hire a professional engineer to design the dispensary. It will be designed with a modern and professional look and feel to create a safe and comfortable environment for patients to collect their medicine and recreational users to shop. A licensed contractor, Bruce Orlebeck will be hired to complete all construction work required for operation.

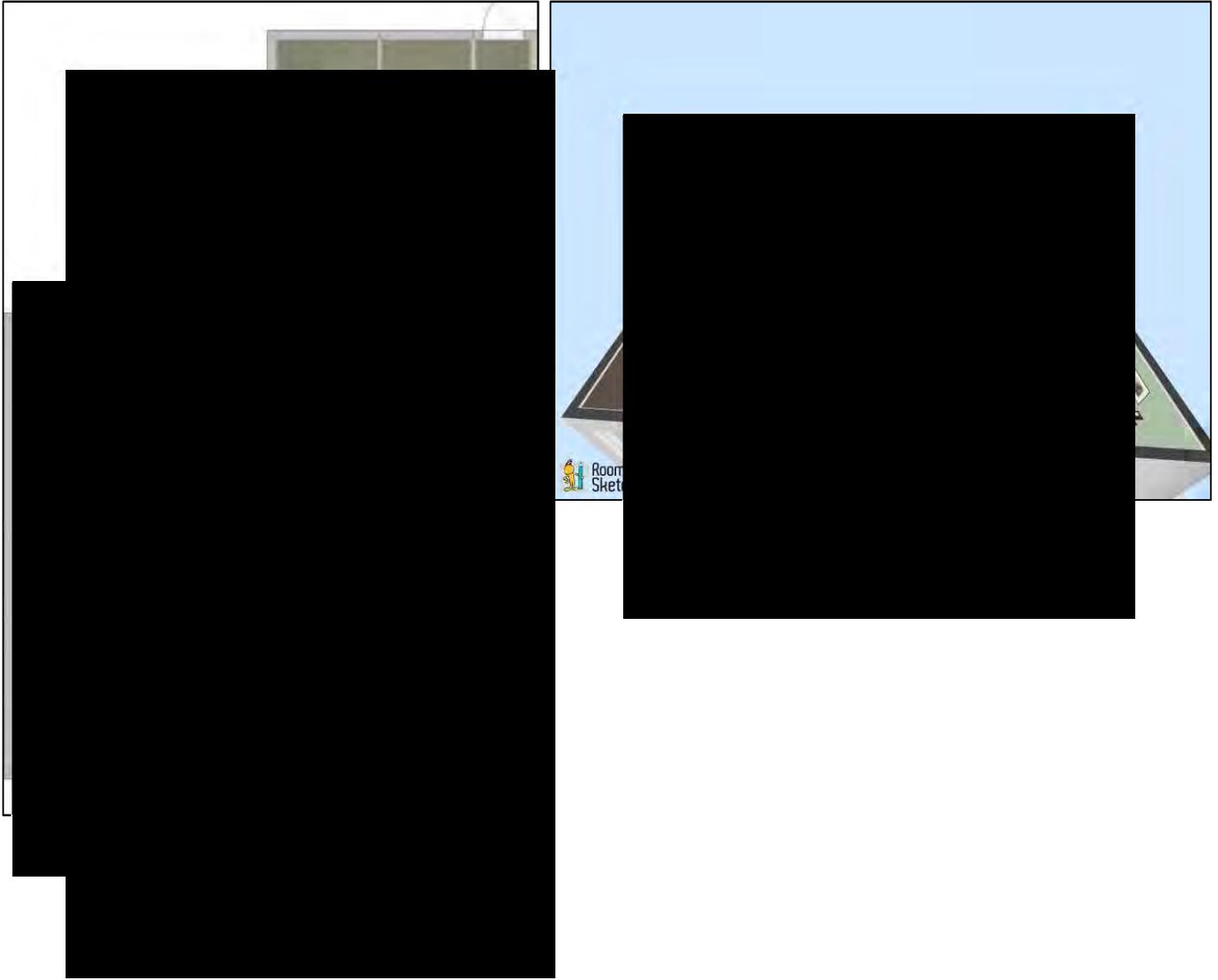
The site selected is nearly a Turn-Key location. It requires minimal enhancements to convert it to a safe, patient-focused dispensary. The facility upgrade will require the following items:

- Installation of Security Cameras, vaults, and locking devices
- Air filtration system
- Addition of 3 walls inside the facility

### 3.4 FLOOR PLAN A – COMBINED (LOCATION #1)



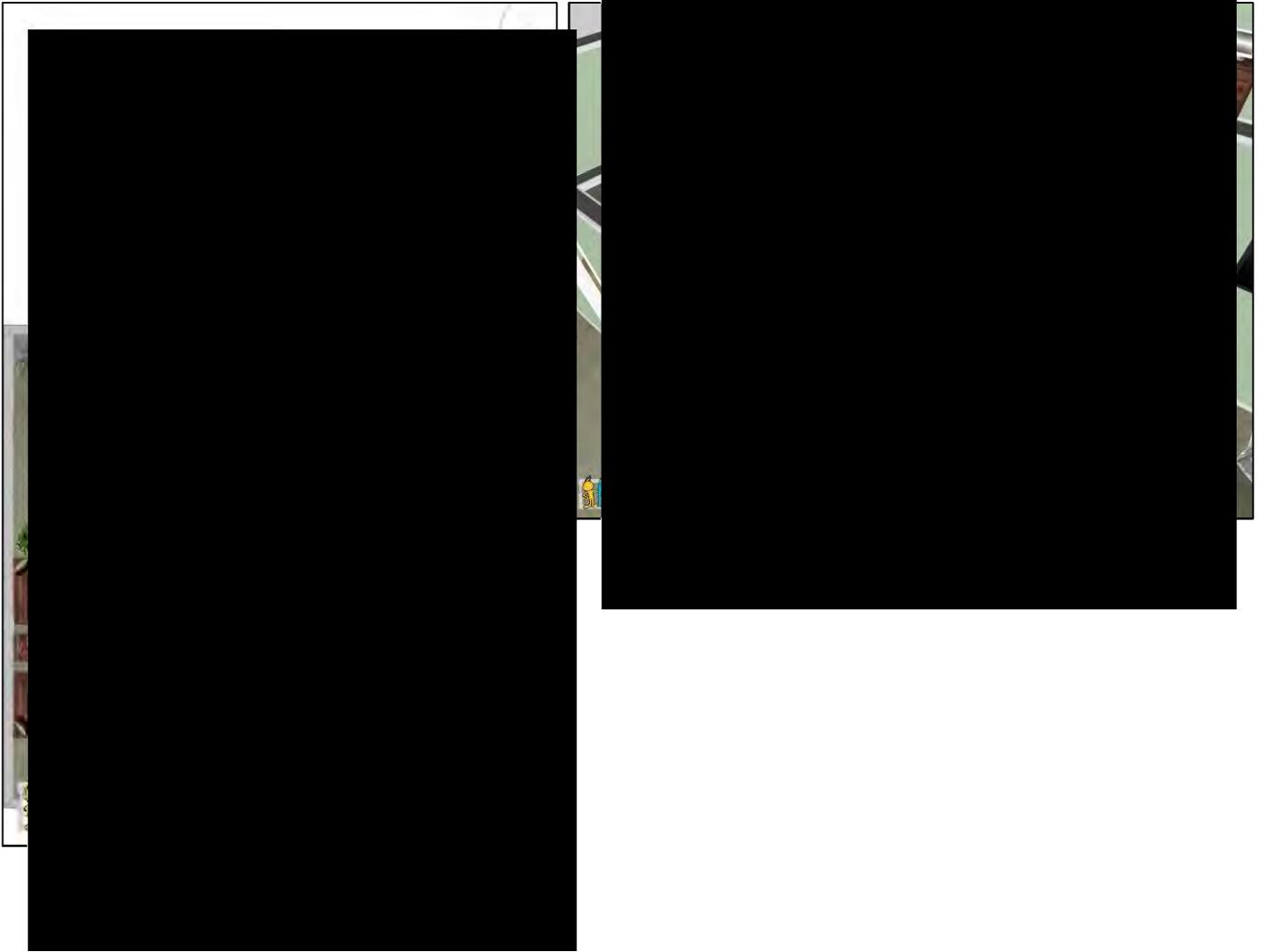
### 3.4.1 Combined Floor Plans



### 3.5 FLOOR PLAN B – SEPARATED (LOCATION #1)

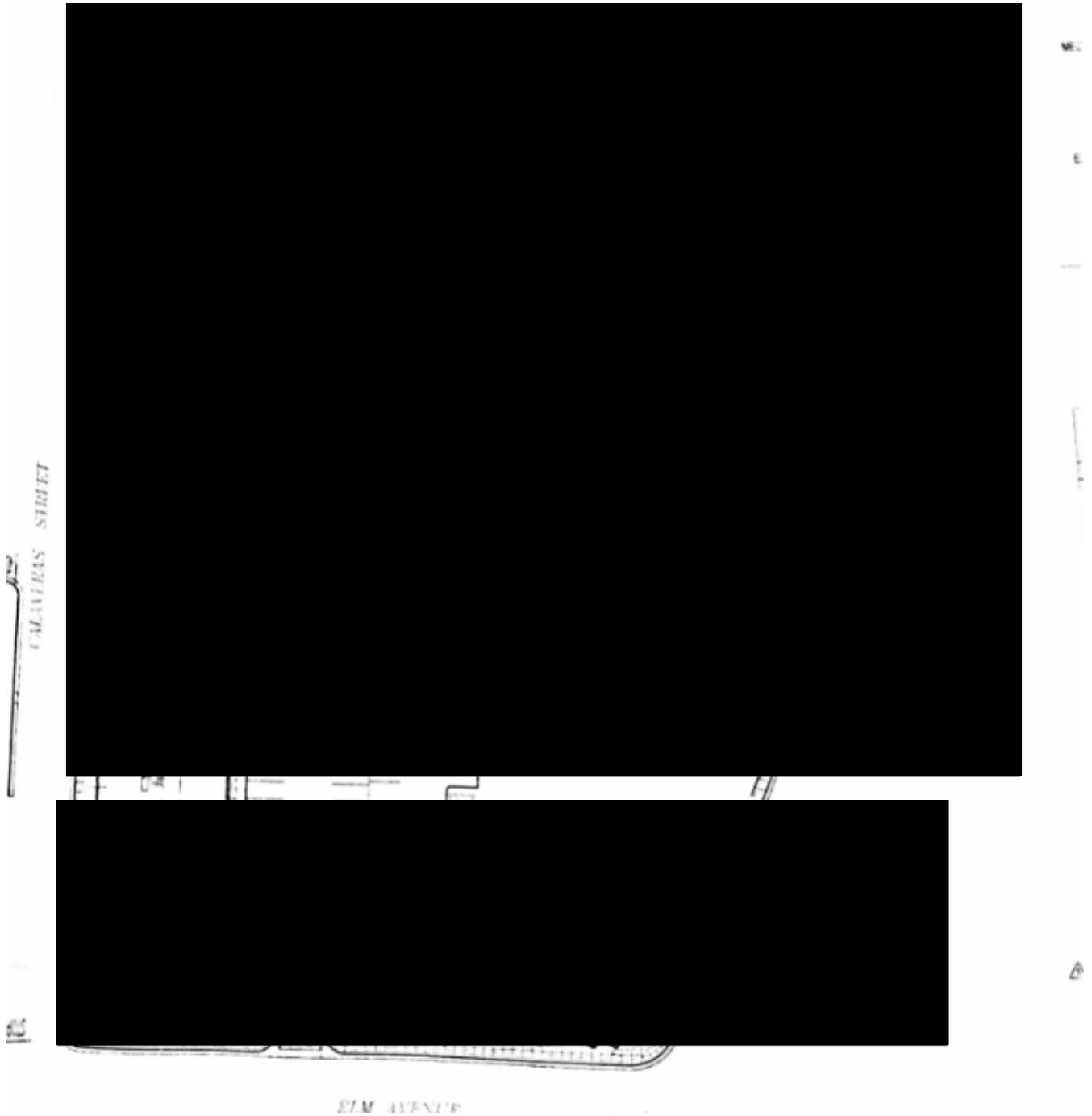


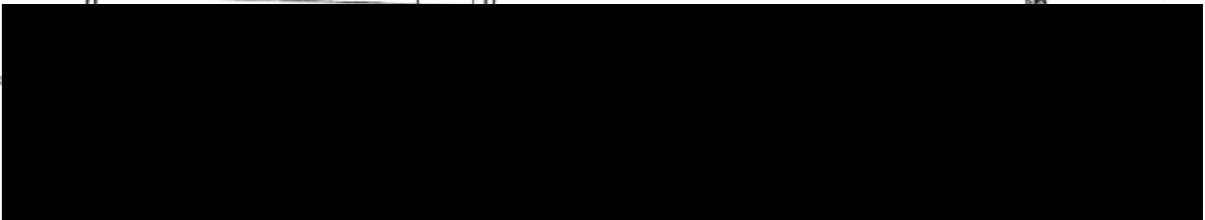
### 3.5.1 Separated Floor Plans



**3.5.2 Second Proposed Location**

The second location is 840 Broadway Ave Suite B-4, Seaside, CA. This property includes more than adequate parking spaces. Below are site plans and floor plan overview of the proposed location.





### 3.6 HOURS OF OPERATION

The facility will be open to the public from 10:00 AM to 10:00 PM, Monday through Sunday. At any time that the dispensary is not open for retail sales, Pharm House will ensure the following:

- The premises will be securely locked with commercial-grade, non-residential door locks.
- The premises will be equipped with an active alarm system.
- When closed for retail business, all cannabis goods will be stored in a locked safe or vault on the premises.
- Only authorized employees and contractors of the licensee will be allowed to enter the premises after hours.

### 3.7 SIGNAGE PLAN

Signage for the dispensary will comply with Seaside Municipal Code 17.40. No Cannabis products or graphics describing cannabis will be visible from the exterior of the property.

A sign will be posted at the entrance to the dispensary that includes the following language. The required text will be of sufficient size to be easily read from a distance of five feet.

#### **FOR MEDICAL:**

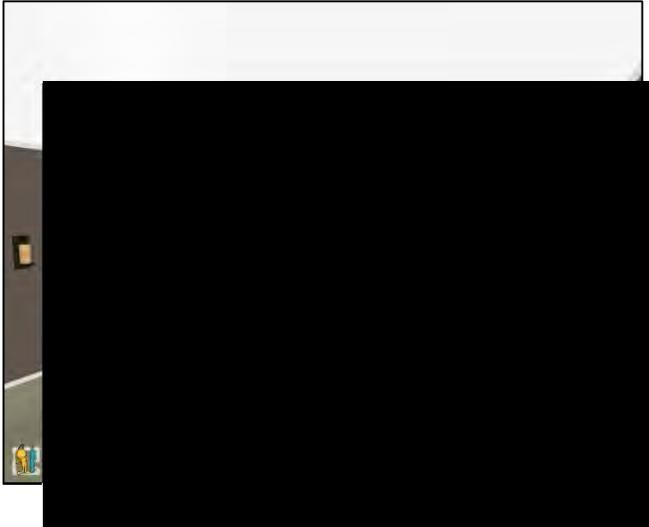
*This Dispensary only provides medical cannabis to its members, who must have legally recognized California Medical Cannabis Identification Cards or a verifiable, written recommendation from a physician for medical cannabis.*

#### **FOR ADULT:**

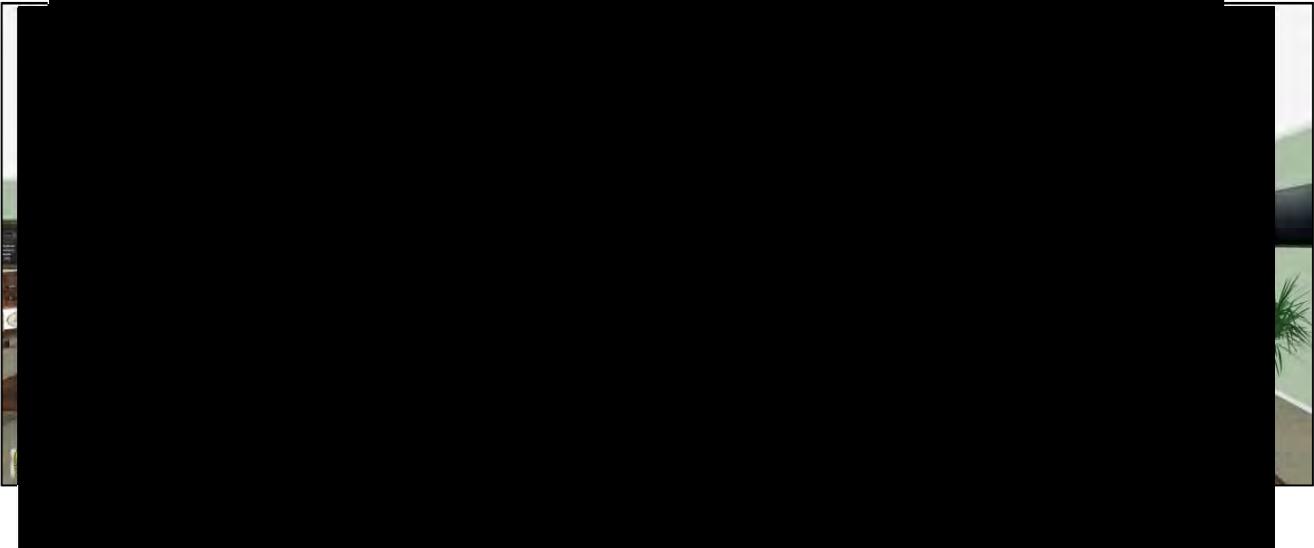
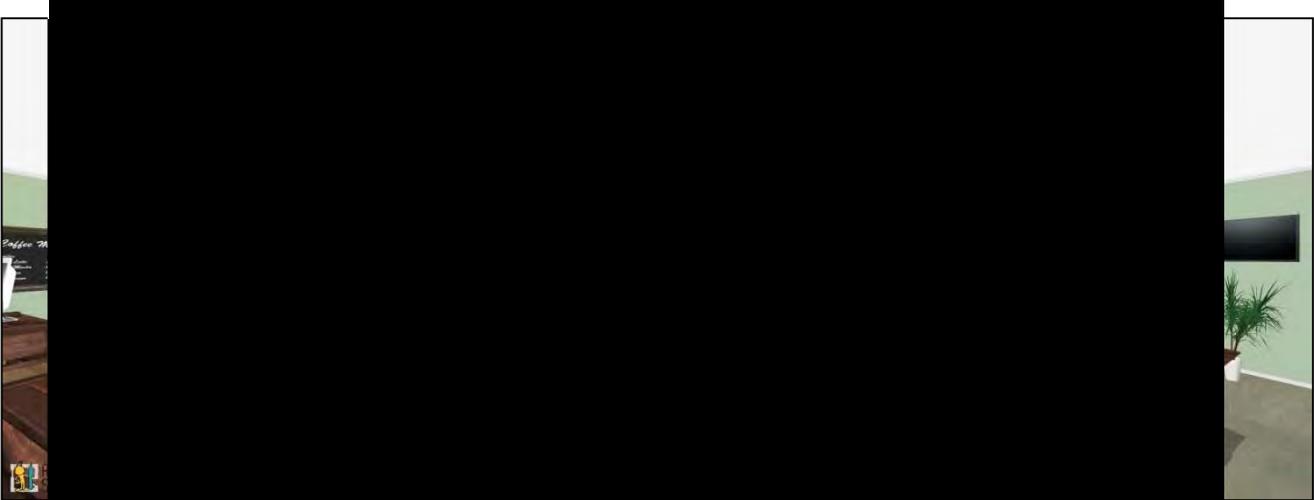
*This Dispensary only provides cannabis to adults who qualify under the Adult Use of Marijuana Act and applicable state law. No person under the age of 21 may enter this facility. Providing cannabis products to those under 21 is illegal and shall be prosecuted to the fullest extent of the law.*

A sign will be posted in a conspicuous location inside the structure at the location advising:

*This Dispensary is registered in accordance with the laws of the City of Seaside. The sale of marijuana and the diversion of marijuana to persons under the age of 21 are violations of State law. The use of marijuana may impair a person's ability to drive a motor vehicle or operate heavy machinery.*



**RETAIL FLOOR**



### 3.10 INSIDE DÉCOR

The Pharm House Décor will be items that are hand-selected to match our rustic brand image. While no items have been purchased, much efforts and research has been done utilizing common social tools to find ideas for inspiration. Design ideas have been consolidated in a centralized collaborative Pinterest board to blend decorative ideas together to create the ultimate country-side appeal. While at the onset, it is unlikely that recreational cannabis will be sold – Pharm House believes that this vision will attract local visitors as well as outside tourists to our location. Some samples of our proposed décor are below.



### **3.11 PROPERTY OWNER**

**Pam and Mike Manas**

PO BOX 1571  
Carmel Valley, CA 93924

See attachment for:

- Property owner approval letter
- Owner indemnification

### **3.12 VICINITY TO THE CLOSEST SCHOOLS**

The two closest schools to the proposed location are both over 2,000 (0.4 mi - 0.7 mi) feet away from the proposed location.

**Auburn's House Montessori School**

1242 Siddall Street  
Seaside, CA 93955

**Seaside Child Center**

1450 Elm Avenue  
Seaside, CA 93955

### **3.13 NEIGHBORHOOD COMPATIBILITY**

Pharm House will provide an appealing addition to the Broadway Avenue, by maintaining excellent relationships with the community and organize the daily functions to minimize impacts on the neighborhood. The Pharm House team has reach out and received support from the majority of the neighboring businesses.

- P&S Supply
- Barrera's Mexican
- Ashley Home Store
- DeMarco's Pizzeria
- Kar Tunes
- Automotive Paint Supply
- Kim's Oriental Market
- Ferdis Cajun
- Seaside Beauty Salon

#### **3.13.1 Aesthetic Compatibility**

Pharm House will maintain the integrity of the current location in order to prevent the dispensary from causing any negative aesthetic on the neighborhood. The goal of PH is to make the location appear just like any other business and not draw unneeded attention to the proposed site. There will be no signage that will contain any logos or information that identifies, advertises, or lists the services or the products offered.

#### **3.13.2 Operational Compatibility**

Through diligent management of daily operations, Pharm House will ensure that the dispensary will not be a nuisance to the neighbors or negatively impact the neighborhood.

#### **3.13.3 Public Transportation**

The proposed location is approximately 540 feet from bus stop #0955, Fremont/Broadway Ave.

#### **3.13.4 Sidewalk Security**

Pharm House will manage the sidewalk with a security team to monitor cleanliness and loitering, as well as greet patients entering the dispensary. The security team will provide a highly visible presence and deterrent to potential criminal activity by ensuring only those visiting the facility are allowed entry for legitimate business. This team will be vigilant to suspicious activity on the exterior of the premises. Cleanliness is also managed constantly with checks throughout the business day.

#### **3.13.5 Noise Management**

Pharm House will make best efforts to avoid any noise pollution from its facility and immediate surrounding areas. Pharm House will implement strict rules for the staff, patients and visitors that are entering or departing our facility. These rules include, but are not limited to:

- Restrict the volume of car stereos and/or portable sound systems while visiting the Pharm House premises.
- Limiting the noise of any in-house background music that would play during business hours only.
- Warnings for unnecessary honking, tire screeching, yelling or any other noise deemed disruptive, unnecessary or a nuisance.

#### **3.13.6 Odor Management**

All spaces within our facility that contain cannabis goods will be equipped with a carbon scrubbing filter. These filters are highly effective at eliminating odor that could be caused from the permeation of our cannabis goods. The filters will include a powerful fan that will pull the air of the room towards the filter, pulling it through carbon (a known odor eliminator), and then reintroduced into the room (scrubbing).

### 3.14 ENVIRONMENTAL PLAN

PH is dedicated to conducting its operations in a manner that is ecologically sustainable from an energy consumption, water consumption and waste generation standpoint. In furtherance of these goals, PH will consult with and, as necessary, retain an Environmental or Architectural Engineer to assist with its Environmental Plan and will, at a minimum, adopt and adhere to Best Management Practices that include methods, policies and procedures in the following areas:

1. As to maximizing energy efficiency, the implementation of measures that include the following:
  - a. For lighting equipment and controls:
    - i. Use of fluorescent/LED lighting in all areas of the premises;
    - ii. Use of Energy Star lighting products;
    - iii. Use, where appropriate, of photo-controls for exterior lighting unless security needs dictate otherwise;
  - b. For air filtration equipment and controls:
    - i. Installation of vent dampers;
    - ii. Analysis of systems and replacement of inefficient components;
    - iii. Use of programmable thermostats and controls;
    - iv. Sealing and insulation of ducts and hot water pipes;
    - v. Use of Energy Star HVAC products;
  - c. For the building:
    - i. Install and/or increase roof and wall insulation;
    - ii. Control Air Leakage;
    - iii. Install storm doors;
    - iv. Insulate and seal skylights and window;
    - v. Use of storm/insulated windows carrying the Energy Star label;
  - d. Otherwise attempting to meet or exceed the energy efficiency requirements of the International Energy Conservation Code;
2. The dispensary will apply for and utilize any and all available PG&E programs for free technical assistance in creating an energy efficient plan for construction of the building shell, tenant improvements, building systems and processes and effectuating the other goals stated in this part;
3. The dispensary will use green building measures whenever feasible, utilizing materials such as denim insulation, non-toxic paint, and materials that do not off-gas.
4. As to water quality and conservation measures:
  - a. The dispensary will instruct, train and educate its staff as to water conservation measures, including the following methods:
    - i. Avoiding water wasting techniques such as:
      1. Allowing water to run during washing/rinsing procedures when no active washing or rinsing is occurring;
      2. Using the toilet to flush and dispose of small items that are more properly disposed of using trash containers;
    - ii. The identification and reporting to appropriate management members of leaks in any portion of the water delivery, distribution and plumbing systems in and about the premises where the dispensary conducts its operations;
  - b. PH will employ water conserving equipment and materials, as follows:
    - i. Water meter monitor including technology to identify leaks
    - ii. The use of low flow equipment in sinks and toilets
    - iii. The use of cleaning agents that do not rely on water
  - c. The dispensary will train and instruct its staff in the following methods for preventing discharge to sewer drains:
    - i. Identification of chemicals and other substances that are inappropriate for discharge into sewer drains;
    - ii. Development of a spill prevention and control program;
    - iii. Prohibiting the use of petroleum-based cleaning products, acids, phosphates or other similar agents or solvents that may produce liquid discharge or run-off;
    - iv. Prohibiting the use of any products which contain heavy metals or which breakdown into heavy metals;
    - v. Painting of any portion of the roof of the building comprised of galvanized sheeting with an enamel paint;
    - vi. Proper storage and segregation of all cleaning and sanitizing products so as to prevent leakage;
    - vii. Frequent sweeping of the premises;

- viii. Placement of dumpsters and other waste containers in areas that are not directly exposed to rainwater or with covers that are watertight;
  - d. Except for statutorily specified cleaning agents, the dispensary will restrict the use of cleaning agents to use non-toxic materials such as vinegar, baking soda and environmentally-friendly surfactants in cleaning and sanitizing operations;
- 5. As to solid resource conservation:
  - a. Using, where available, paper, plastic and other containers that have been produced using recycled materials, identifying vendors of such products, and training staff as to the use of such vendors. We will endeavor to minimize packaging and waste wherever possible.
  - b. Instituting a recycling program whereby:
    - i. Staff are trained as to recycling programs operated by local waste management providers and private recycling providers;
    - ii. Used or discarded paper, plastic or other items are placed for pick up and recycling by waste management providers or transported to private recycling centers.
- 6. Disposal and Destruction Program
  - a. As to the material that cannot be used in such a manner and which therefore must be discarded or destroyed, the dispensary will use the following approach:
    - i. PH will identify one or more local landfills or transfer stations that will receive marijuana waste materials and will further identify one or more facilities that receive organic or other waste for energy generation purposes;
    - ii. The dispensary will identify a manager responsible for segregating and disposing of marijuana plant waste matter;
    - iii. Any cannabis product that is designated for destruction or disposal will be identified by date, batch and volume by the Inventory Control System and will be ground, milled or otherwise processed into a gauge where the particles can be readily combined with another substance so as to render the ground/milled/processed marijuana material non-viable;
    - iv. Once processed for disposal, the material to be discarded or destroyed will be combined with mulched cardboard, used plant soils or other non-toxic inert material so as to render unusable the marijuana matter contained therein;
  - b. Following the rendering of any potentially unusable marijuana non-viable by the above described method, the dispensary employee responsible for the destruction/disposal of the material will isolate and identify said material pending transfer to a designated waste or energy generation facility;
  - c. At the time of transfer, the dispensary employee responsible for the destruction/disposal will prepare a tentative trip plan identifying the matter to be transported, the employee transporting said matter, the destination where the matter is to be transported and the route to be used in transporting such matter;
  - d. In addition, a certificate confirming the weight delivered will be recorded in order to verify it matches the weight which left our facility.
  - e. As more regulations are released in regards to cannabis waste from a retailer, PH will follow all new laws and procedures.

## 4 PRODUCTS AND SERVICES

### 4.1 RETAIL PRODUCTS

PHARM HOUSE WELLNESS CENTER will offer a full line of medical and recreational cannabis products to California local patrons and tourists. This location will be designed with “class” and will have a welcoming rustic farming environment that makes customers feel welcome. Employees will be highly regarded for their friendly attitude and overall knowledge about cannabis.

Product Type	Description
<b>Dried Cannabis: Sativa, Indica, &amp; Hybrids</b>	<p>Raw Cannabis Flower will be sold in a mix of Indica and Sativa depending on customer demand. Indica is known to reduce nausea, increase appetite and fight depression while Sativa is known for its uplifting effects that energize patients with strong cerebral effects.</p> <p>The effectiveness of cannabis is directly related to strain selection; therefore, we will recommend care be taken in selecting appropriate strains to meet patient needs. Patients will be encouraged to use vaporizers, or ingest cannabis medicine to reduce any potential risks from smoking.</p> <p>Finished, dried, manicured, cured medical cannabis will be sold in .5g increments. Pharm House plans to begin with 25-50 medicinal varieties of cannabis.</p>
<b>Edibles</b>	<p>A cannabis edible is a THC-infused product that can be consumed by the customer. Infusing cannabis into foods is a long-practiced and very effective method to use cannabis as medicine.</p> <p>Pharm House plans to offer several different edible product lines to cater to the various medical, nutritional, financial and taste needs of patients. Infusing cannabis into foods is a long-practiced and very effective method to use cannabis as medicine. Careful dosing is important. Edibles can be used as effectively as smoking or vaporizing.</p> <p>This may include beverages, coffees, pastries, chocolates, and gummies. Edibles can be as effective as smoking or vaping.</p>
<b>Concentrates</b>	<p>This type will ensure patients have a variety of consumption methods that suit each person’s needs and lifestyle. Our line is designed to provide high levels of cannabinoids and THC in a readily accessible form which provides instant relief for serious conditions.</p>
<b>Tinctures</b>	<p>A cannabis tincture is a cannabis based extract that is infused with alcohol. Typically, the flowers and trim leaves are used. This product provides easy dosing for patients with rapid absorption. This line is designed to make dose control easy for patients, with rapid absorption and effect. Tinctures can be flavored for better taste.</p>
<b>Topicals</b>	<p>Topicals are ideal for assisting patients who are arthritic or have aching injuries. Topicals have an analgesic and anti-inflammatory effect to reduce or eliminate pain. These will be developed in the forms of sprays or lotions.</p>
<b>Dispensing Devices</b>	<p>Patrons will be able to purchase the dispensing device associated with the cannabis product that is purchased. This will include bongs, vape pens, bowls, pipes, and papers.</p>
<b>Ancillary Items</b>	<p>To further our brand image, we intend on selling apparel and other Pharm House Wellness Center branded items.</p>
<b>Alternative Medicine Education Services</b>	<p>Keeping patients in mind, Pharm House Wellness Center intends on providing educational services to patrons. This will include education on the healing and curative powers of cannabis, how to use cannabis effectively, and other educational classes.</p>

## **4.2 PACKAGING AND LABELING**

In order to remain compliant with emerging State regulations which will be effective by the time a permit is issued, Pharm House shall not accept from a distributor cannabis goods that are not packaged as they will be sold at final sale, in compliance with this division. PH shall not purchase dried flower that is not already packaged for final sale, in compliance with this division. PH shall not package or label cannabis goods.

## **4.3 EXIT PACKAGING**

Cannabis goods purchased by a customer will not leave the dispensary premises unless they are placed in an exit package. An exit package will meet all of the following requirements:

- The package shall be designed or constructed to be significantly difficult for children under five years of age to open and not difficult for adults to use properly, as defined by 16 C.F.R. 1700.20.
- The package shall be opaque so that the cannabis goods cannot be seen from outside the packaging.
- For any cannabis goods that are intended for more than a single use, the package shall have the ability to be resealed.
- The package shall be labeled properly pursuant to local and State laws.

## 5 COMMUNITY BENEFITS PLAN

Pharm House Wellness Center selected Seaside, California to open their dispensary due to the active efforts of the City Council to revitalize the community. These efforts inspired our team, and we want to actively contribute to the effort to rejuvenate the community by giving back.

Pharm House Wellness Center believes that it can and should have a critical role in the quality of life to the community. Our founders believe that we have an important fiduciary obligation to be a “good neighbor” and provide benefits to our community as part of our healthcare mission. Therefore, we view our Community Benefits Plan as a blueprint for how we plan to accomplish this.

Pharm House Wellness Center will support the Community Benefits Plan at the highest level of our organization. Our senior management will be responsible for overseeing the implementation of the Community Benefits Plan, including designating the programs or activities to be included in the plan, allocating the resources, and ensuring its regular evaluation.

Pharm House Wellness Center will support the Community Benefits Plan with the following services:

- Event & Charity Sponsorship: The Pharm House Pledge
- Seaside Hiring Preference
- Fair Pay
- Employee Profit Sharing
  
- Policies Against Discrimination: The Rooney Rule

**Our motto is work here, play here, give here.**

We believe in Seaside’s Mission and are excited to contribute to the mission. The founders Wes and Tyson live in Seaside, and they want to city council to see them as partners driving the mission. Pharm House Wellness Center is and will be dedicated to the community – our collective growth and commitment to one another will bring mutual benefits. As seen below, Wes and Tyson have already joined the Seaside community – contributing to Sea Stars park cleaning effort and winning the “POP-tacular” Award during the 2<sup>nd</sup> Annual PARKing Day.





## **5.1 EVENT & CHARITY SPONSORSHIP**

### **5.1.1 The Pharm House Pledge**

We will donate 1% of profits or \$10,000 (whichever is greater) to the Parks and Recreation Department to promote the City of Seaside. We want to ensure that more family fun activities will be a part of the city's budget for years to come and recognize that sponsoring events will drive locals and tourists to the Seaside community. This will ultimately create economic value for all members of our community. Not only will Pharm House Wellness Center donate to the community, we will appoint an individual to contribute to the City Council to drive community engagement. Some of our ideas include the following:

- Taco Truck Tuesdays
- Live Music on Broadway
- Farmers Markets
- Harvest Festivals
- Corn Hole Tournaments
- Taste of Seaside
- Fort Ord Day

### **5.1.2 Annual Food Drives**

In addition to event sponsorship, Pharm House Wellness Center will host an annual food drive that will be specifically designed to benefit the local community. We will obtain sponsorships from our vendor partners as well as collect food and monetary donations on behalf of the community. All items collected will be distributed locally in partnership with local charities.

### **5.1.3 Charity Sponsorship**

Finally, Pharm House Wellness Center plans on sitting on the board of and sponsoring one or more local charities. As part of our service, we will help guide the contributions of the charity and will make regular monetary donations. The Charity Sponsorships will be local and for charities located within the Seaside Community.

## 5.2 SEASIDE HIRING PREFERENCE

Pharm House Wellness Center is committed to engage in professional recruiting practices to hire the most qualified candidates. Additionally, an active effort will be made to recruit a diverse workforce based out of Seaside, California. We will do this through local job fairs and other recruiting events.

Our employees will be well paid, well qualified, and well-trained personnel. All employees will be fingerprinted and have successfully passed a criminal background screening. All staff will be required to wear photo identification at all times, while on the dispensary premises.

Employees will be provided with precise definition of responsibilities, clearly understood chains of authority and thorough training. Our staff will be expected to uphold Pharm House Wellness Center’s professional brand image.

## 5.3 FAIR PAY

As good moral stewards, it is crucial to Pharm House Wellness Center that all employees are taken care of through compensation and benefits. The minimum wage of a full-time employee will be \$40,000. This is 246% above the Federal Poverty Level Guidelines set forth for a 2-person household. We will offer annual employee reviews where increases to compensation will be awarded based on employee performance.

Persons in Household	2017 Federal Poverty Level
1	\$12,060
2	\$16,240

**Source:** <https://www.zanebenefits.com/blog/2017-federal-poverty-level-guidelines>

All employees will be paid above the State of California’s minimum wage which is \$10.50 per hour. Our average hourly rate will be \$17.00 per hour plus quarterly revenue sharing. The Security Manager will be paid a minimum of \$20 per hour plus quarterly revenue sharing. Below is an outline of the minimum wages that will be paid to employees working for Pharm House Wellness Center.

Position	Rate	% Above Minimum Wage
<b>Budtender</b>	\$17.50	67%
<b>Security</b>	\$17.50	67%
<b>Sec Manager</b>	\$20.00	90%
<b>FOH</b>	\$13.00	24%
<b>Average</b>	\$17.00	62%

## 5.4 EMPLOYEE REVENUE SHARING

Pharm House Wellness Center is committed to making all employees shareholders. We will do this by creating quarterly projections and offering from 50% of the excess profits to be divided amongst the full and part-time employees on a quarterly payout. By doing this, all employees have the chance earn bonuses with the profitability of the company.

By combining the Employee Revenue Sharing and a Seaside Hiring Preference, this will infuse extra income for employees, and drive community/company engagement. Pharm House Wellness Center believes that this is what separates us from the other bidders and other existing customers.

### Revenue Sharing Example:

**Net Income Quarterly Projection for Q4 FY 2018:** \$317,556.00

**Net Income Results:** \$397,000.00

**Contribution to the General Commission Fund:** 50% of surplus income

**Fund Deposit to Employees:**  $50\% \times 79,444.00 = \$39,722.00$

## **5.5 POLICIES AGAINST DISCRIMINATION: THE ROONEY RULE**

Pharm House Wellness Center is committed to a workplace that does not discriminate and provides a safe, fun, and exciting environment for employees to work. To drive this atmosphere, we believe a diverse workforce is necessary. We will hire according to the "Rooney Rule." This is a National Football League (NFL) policy that requires league teams to interview and hire minority candidates for head coaching and senior football operation jobs.

### **5.5.1 Diversity Plan**

Pharm House Wellness Center is an "equal opportunity employer." We will not discriminate and will take measures to ensure that our policies continue to protect against discrimination in employment, recruitment, and advertisements for employment, compensation, termination, upgrading, promotions, and other conditions of employment against any employee or job applicant on the basis of race, creed, color, national origin, or sex.

Additionally, we will exhibit evidence of diversity and inclusion by including minority persons and veterans in Pharm House Wellness Center workforce. Finally, Pharm House Wellness Center will make significant efforts to employ individuals who fall into the category of protected classes. These are individuals who are older than 40. The Age Discrimination in Employment Act (ADEA) forbids age discrimination against people. Pharm House Wellness recognizes the value that these individuals could add to our organization. We will seek out diverse talent and hire on the merit an individual will bring to our organization.

### **5.5.2 Anti-Harassment Policy**

Pharm House Wellness Center is committed in all areas to providing a work environment that is free from harassment. Harassment based on an individual's sex, race, ethnicity, national origin, age, religion or any other legally protected characteristics will not be tolerated. All employees, including supervisors and other management personnel, are expected and required to abide by this policy. No person will be adversely affected in employment with the employer as a result of bringing complaints of unlawful harassment.

If an employee feels that he or she has been harassed on the basis of his or her sex, race, national origin, ethnic background, or any other legally protected characteristic they should immediately report the matter to his or her supervisor. If that person is not available, or if the employee feels it would be unproductive to inform that person, the employee should immediately contact that supervisor's superior or human resources. Once the matter has been reported, it will be promptly investigated, and any necessary corrective action will be taken where appropriate. All complaints of unlawful harassment will be handled in as discreet and confidential a manner as is possible under the circumstances.

Pharm House Wellness Center will take any and all claims of harassment seriously. All claims of harassment reported will be logged and investigated. Any employee determined to engage in improper harassing behavior will be subject to disciplinary action, including the possible termination of employment.

## 6 SALES AND MARKETING STRATEGY

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### 6.1 MARKETING OBJECTIVES

In view of data and opportunities presented within this plan, the following summarizes general marketing objectives for PHARM HOUSE WELLNESS CENTER in the next one to two years of operation:

- Create a strong digital presence in Monterey County
- Become the preferred local cannabis brand
- Create public awareness regarding PHARM HOUSE WELLNESS CENTER cannabis products and byproducts
- Establish and grow a target patient base
- Attract recreational cannabis users with the local population and
- Establish relationships with dispensing organizations to sell products owned by PHARM HOUSE WELLNESS CENTER

### 6.2 BRANDING AND POSITIONING

PHARM HOUSE WELLNESS CENTER will secure a domain name and engage a professional graphic artist and website designer in creating a strong brand that is designed to uphold PHARM HOUSE WELLNESS CENTER vision as a premium cannabis brand. This brand image will be used to set them apart from competitors. Additionally, this effort will be supplemented with the following efforts:

- Create the campaign - **Support Local Pharming**. This campaign will be geared toward opening the Pharm House doors to all local grow operations across Monterey County.
- Professionally packaged customer facing logos and pictures which are relevant to the types of products being offered
- A recognizable brand, logo, and simple catchphrase which will be used in packaging design for physical products as well as consistently match all digital marketing channels

### 6.3 MARKETING / PROMOTIONAL TACTICS

After the creation of a recognizable brand, logo, and simple catchphrases marketing campaigns will focus on the following:

- Targeted digital marketing by age, gender, and preferred dispensing method
- The creation of a strong web presence that is SEO friendly
- Forming partnerships with industry relevant website and leaders to grow the presence of PHARM HOUSE WELLNESS CENTER
- Use of Animated GIF ads
- Use of promotional codes and tracking URL's to see what marketing is or is not working
- Data collection to build targeted campaigns – including emails and texting. We will establish a regular cadence of marketing with existing customers – keeping in mind that not too much should be sent to prevent being viewed as spam
- Full use of all Social Media platforms. Including Leafly, Weedmaps, Eaze, Facebook, Twitter, Instagram, YouTube, Google+, Vine, LinkedIn, and Pinterest

## 6.4 MARIJUANA TOURISM

While Pharm House Wellness Center will not be a tour company, partnership with local tour companies will be a critical component to drive traffic to the dispensary once recreational sales become available.

As an example, the Denver canna-tours market shows us that there is a strong interest from visitors to learn about marijuana. Denver serves as the model of all states operating in the recreational marijuana space. With adult use budding and less stringent laws, marijuana tourism has grown in conjunction with the revenue marijuana generates for the state.

Below are samples of successful tours offered by recreational companies within Colorado. Pharm House Wellness Center will design and offer similar classes to attract people to the community and our dispensary.

- Greenhouse and Dispensary Grow Tour - \$49 per person, 4 days a week
- Craft Marijuana Concentrates Tour - \$69 per person, Fridays
- Budz, Sudz, Grow, & Dispensary Tour - \$59 per person, Thursdays and Fridays
- VIP Dispensary Tour - \$89 per person – Saturdays
- Cannabasics Class - \$29 per person –Thursdays and Fridays
- Cannabis Massage - \$115 per person – Appointment only
- Cooking with Cannabis - \$99 per person – Sundays

## 7 DISPENSARY OPERATIONS

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### 7.1 COMPLIANCE WITH LOCAL AND STATE LAW

One of Pharm House principles, Joey Espinoza, owns and operates a cannabis compliance consulting business. His everyday task is to ensure and guide cannabis businesses through the regulations involved with both local cities and counties as well as State laws. He is a member of CCIA (California Cannabis Industry Association) and active within the legislative committee for CCIA which has monthly conference calls with State lobbyist to discuss updates pertaining to coming State regulations. In addition, he attended every meeting that the City of Salinas had when the cannabis ordinance was being drafted a couple years ago.

Pharm House Wellness Center will take all necessary steps in order to address concerns that were outlined in the August 23, 2013 "Cole Memo" such as:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

### 7.2 ACCESS TO THE DISPENSARY

Security personnel will be the first to greet any person(s) attempting to enter the facility. They will check that the patient either has a Pharm House membership card (pre-screened) or that they are in possession of a valid (not out-dated) medical cannabis recommendation. If the person(s) has a valid recommendation or Pharm House membership card they will be granted access into the waiting area of the dispensary. Any person that has a valid ID and is 21 years or older may be granted access.

#### 7.2.1 Waiting Area

Once in the waiting area of the dispensary, patrons will not have access to the retail area until they have been screened a second time by the receptionist. For those who have previously been verified by Pharm House, the receptionist will do a quick check to ensure their recommendation on file is still valid (not out-dated). If it records show it is, they will be granted access into the retail area through a buzz-door that is controlled by the employees within the retail area. The receptionist will oversee communicated entry to the retail area employees.

For those who are new to Pharm House, the receptionist will have them complete a membership agreement which outlines the rules for becoming a member of Pharm House (such as compliance with the Cole Memo). As the new patient is filling out the paperwork, the receptionist will verify their medical recommendation by either calling the physician's office or using any website that may be listed on the paper recommendation. In addition, the receptionist will verify that the physician's license number who issued the medical recommendation is still valid within the State of California. If it is not valid, the receptionist will inform the new customer and have them leave the premises until a new recommendation is obtained. If the receptionist finds the medical recommendation to be valid and the physician license to be up-to-date the patient will be entered into the computer system that houses all patient information and create a PH specific membership card for the customer.

In addition to verifying medical recommendations, Pharm House will ensure that the person has a valid proof of identification (which matches the name on the medical recommendation). Acceptable forms of identification include the following:

- A document issued by a federal, state, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, physical description, and picture of the person; or
- A valid identification card issued to a member of the Armed Forces that includes a date of birth and a picture of the person; or
- A valid passport issued by the United States or by a foreign government.

After these protocols have been met, patients will be let into the retail area one at a time with a maximum of 3 patients at once. This is to prevent crowding and excessive noise (multiple customers speaking with budtenders) in the retail area.

By performing these thorough checks for everyone that visits our store, we will avoid any underage use. Medical patients must be 18 years of age or older and adult use customers must be 21 years or older. Pharm House will not sell to those who cannot meet the requirements listed in this section.

### 7.2.2 Retail Area

Pharm House employees will always be physically present in the retail area when there are individuals who are not employees of the dispensary in the retail area. The display of cannabis goods for sale will only occur in the retail area during the operating hours of the dispensary.

Pharm House will not display any cannabis goods in areas outside of the retail area. We will not display cannabis goods in a place where it is visible from outside the licensed premises. Cannabis goods on display will not be readily accessible to the customers, only visually.

#### **Cannabis Goods Display**

The amount of cannabis goods that are displayed shall not exceed the average amount of cannabis goods the licensed dispensary sells during an average one day period. The remainder of the licensee's inventory of cannabis goods shall be stored outside of the retail area.

Cannabis goods may be removed from their packaging and placed in containers to allow for customer inspection. The containers shall not be readily accessible to customers without assistance of dispensary personnel. A container must be provided to the customer by the licensee or employee, who shall remain with the customer at all times that the container is being inspected by the customer.

Cannabis goods removed from their packaging for display shall not be sold, shall not be consumed, and shall be destroyed according to local and State regulations when the medical cannabis goods are no longer used for display.

#### **Cannabis Goods for Sale**

PH shall not make any cannabis goods available for sale or delivery to a cannabis patient or primary caregiver unless:

- The cannabis goods were received from a licensed distributor; and
- PH has verified that the cannabis goods have not exceeded their expiration or sell-by date if one is provided.

#### **Daily Limits**

Pharm House shall not sell more than eight ounces of cannabis in a single day to a single medical cannabis patient.

Pharm House shall not sell more than eight ounces of cannabis in a single day to a primary caregiver for each cannabis patient that the primary caregiver is authorized to purchase for.

If a cannabis patient or primary caregiver has a physician's recommendation that eight ounces of medical cannabis in a single day does not meet the medical cannabis patient's medical needs, the medical cannabis patient or primary caregiver may purchase an amount of medical cannabis consistent with the patient's needs as recommended by a physician.

For adult-use customers, Pharm House will not sell more than 28.5 grams of cannabis per day, per customer. Pharm House will not sell more than 8 grams of concentrate, per day, per customer.

### 7.2.3 Transactions

Once a patient has decided what they would like to purchase they will be guided to the cash register with the budtender who has been supervising and assisting them. When possible, Pharm House will encourage the patient to pay via a debit or credit card in order to limit the amount of cash circulating the dispensary.

A budtender will ring up the transaction into the dispensaries point of sale software. The patient will be giving the option to receive their receipt immediately by print or digitally via email.

### **7.3 PERSONNEL PHILOSOPHY**

PHARM HOUSE WELLNESS CENTER is committed to engage in professional recruiting practices to hire the most qualified candidates. Additionally, an active effort will be made to recruit a diverse workforce. Our employees will be well paid, well qualified, and well-trained personnel. All employees will be fingerprinted and have successfully passed a level 2 background screening.

All staff will be required to wear photo identification at all times while on the dispensary premises. We will provide employees with precise definition of responsibilities, clearly understood chains of authority, and thorough training of new hires. Our employees will be expected to uphold PHARM HOUSE WELLNESS CENTER professional brand image.

## 7.4 SAMPLE EMPLOYEE SCHEDULE

Rough Daily Employee Schedule												
Time	Budtender 1	Budtender 2	Budtender 3	Security 1	Security 2	Security 3	FOH 1	FOH 2	FOH 3	GM	Book Keeper	
8:00:00 AM				<b>24 Hour Security</b>								
8:30:00 AM												
9:00:00 AM												
9:30:00 AM	1							1			1	
10:00:00 AM	1							1			1	
10:30:00 AM	1							1			1	
11:00:00 AM	1							1			1	
11:30:00 AM	1							1			1	
12:00:00 PM	1							1			1	
12:30:00 PM	1							1			1	
1:00:00 PM	1							1			1	
1:30:00 PM	1	1						1			1	
2:00:00 PM	1	1						1			1	
2:30:00 PM	1	1							1		1	
3:00:00 PM		1							1		1	
3:30:00 PM		1							1		1	
4:00:00 PM		1							1		1	
4:30:00 PM		1							1		1	
5:00:00 PM		1	1						1		1	
5:30:00 PM		1	1						1		1	
6:00:00 PM		1	1						1		1	
6:30:00 PM			1						1	1	1	
7:00:00 PM			1							1	1	
7:30:00 PM			1							1	1	
8:00:00 PM			1						1	1		
8:30:00 PM			1						1	1		
9:00:00 PM			1						1	1		
9:30:00 PM			1						1	1		
10:00:00 PM									1	1		
10:30:00 PM										1		
11:00:00 PM												
11:30:00 PM												
12:00:00 AM												
<b>Total Hrs/Day</b>	5.5	5	5	0	0	0	5	4.5	4	13.5	0	
<b>Total Hrs/Wk</b>	38.5	35	35	0	0	0	35	31.5	28	94.5	0	
<b>Ind Cost/Wk</b>	\$ 673.75	\$ 612.50	\$ 612.50	\$ -	\$ -	\$ -	\$ 455.00	\$ 409.50	\$ 364.00	<b>Salary</b>		
	<b>Budtender Total Cost/Wk</b>		<b>\$ 1,898.75</b>	<b>Security Total Cost/Wk</b>		<b>\$ -</b>	<b>FOH Total Cost/Wk</b>		<b>\$ 1,228.50</b>	<b>\$ 833.33</b>		

## **7.5 OPERATORS MANUAL AND EMPLOYEE HANDBOOK**

A comprehensive handbook provides information to guide employees' behavior and relationship with PHARM HOUSE WELLNESS CENTER (available for review upon request). The manual, which is furnished to all employees upon being hired, addresses:

- PHARM HOUSE WELLNESS CENTER Philosophy
- New employee onboarding procedures
- Attendance, tardiness, and uniform policy
- Safety/Security policies and guidelines
- Drug and Alcohol policy
- Anti-Discrimination Policy
- Anti-Harassment Policy

## 7.6 WORKFORCE SECURITY

Making sure that our routine operations follow secure procedures is as important as physically securing each facility and having emergency response procedures in place. Consistent, proactive operational security policies and procedures greatly reduce the likelihood that emergencies will arise.

## 7.7 CONTINUING EDUCATION

The organization invests in the professional development and education of its personnel to uphold a standard of excellence, and provide patients comprehensive product knowledge when selecting their medicinal marijuana products. The organization will require all employees to participate in the assigned education and training programs. Any employees that fail to pass the education and testing requirements may experience disciplinary action and/or termination.

### 7.7.1 Dispensary Personnel Training

All Dispensary employees will go through a comprehensive training. The program incorporates State of California requirements and regulations including background checks, as well as new-hire training and continuing education protocol.

The training program will include the following:

Procedure	Description
<b>Legal</b>	We will distribute a worksheet regarding the state of the law as well as include a section in our manual and SOP's addressing the law, compliance, and law enforcement interaction.
<b>Processing and Storage</b>	This will outline the procedures regarding how medicine will be received, handled, and stored safely.
<b>Accounting and Cash Procedures</b>	This will include training on the Point of Sale, how to manage cash, accounting, and banking procedures.
<b>Inventory Control Plan</b>	Will spell out how Pharm House will address inventory and includes protocols to ensure operational consistency and proper compliance with the State of California.
<b>Emergency Procedures</b>	Will provide the specific protocols in case of medical, police or other emergencies to ensure rapid response involving the appropriate personnel and/or outside authorities.
<b>Security</b>	Patient, worker, and neighborhood security are our highest priority. As discussed more fully in our Security Plan, we institute state-of-the-art security procedures to take advantage of the security industry's best practices and most up-to-date technology. This will ensure that our dispensary facility operates at the highest level of legal compliance and security preparedness
<b>Legal</b>	We will distribute a worksheet regarding the state of the law as well as include a section in our manual and SOP's addressing the law, compliance, and law enforcement interaction.

### 7.7.2 Background Screening

We will perform background checks on all employees, volunteers, principals, directors, and board members. We will also perform background checks on any contractors or vendors who regularly work within the facility or will be employed there for an extended time. Copies of any public records obtained through the background check process will be provided to the individual concerned. To ensure transparency, the entire background checking process will be conducted by a third-party.

We will not employ anyone who has been convicted of a felony. Also, we elect not to engage any contractors or vendors who would have access on a regular basis or for an extended time to restricted areas of our facility if they have been convicted of any felony offenses.

1. PHARM HOUSE WELLNESS CENTER will obtain age of applicant on each employee application.
2. A copy of applicant's valid, unexpired California driver's license will be made and attached to each employment application.
3. If employee will be working in capacity of "transporter", a copy of current auto insurance will be placed in employee and verified that insurance meets states minimum standard.
4. A criminal background check including the disqualifying offenses
5. Individuals will submit a full set of fingerprints to the department, vendor, entity, or agency authorized for processing by the state which may be forwarded to the DOJ

### 7.7.3 Personnel Records

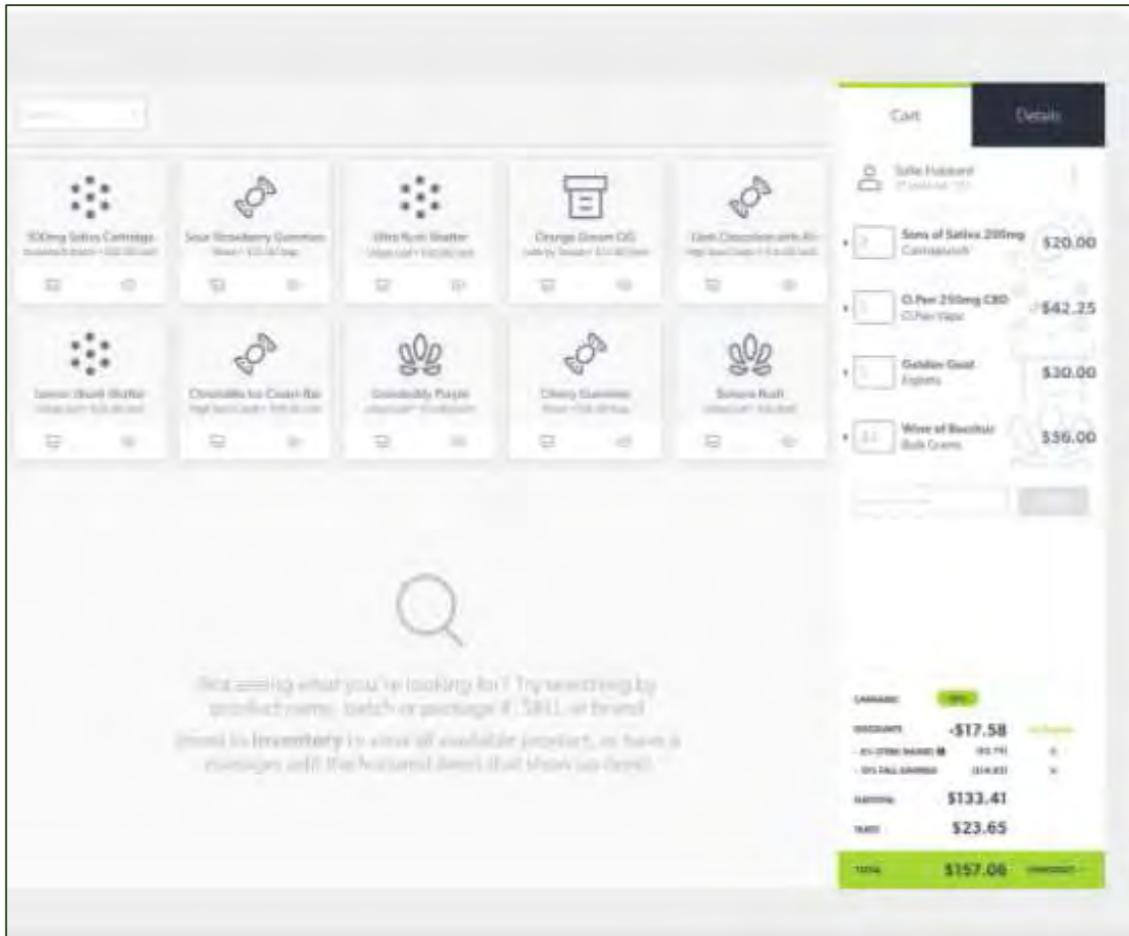
We will maintain personnel records for each employee, agent, or volunteer that includes:

- Application,
- Documentation of all required training,
- A signed statement from the individual indicating the date, time, and place that he or she received training and the topics discussed, including the name and title of the presenters, and
- Record of any disciplinary action taken against employee at any time during employment.
- These personnel records will be maintained for a period of at least six months past the end of the individual's affiliation with us.

## 7.8 FLOWHUB POINT-OF-SALE

Pharm House Wellness Center will be utilizing Flowhub for point-of-sale transactions. Flowhub is a state of the art platform that has been built specifically for the cannabis industry. This software reduces

transaction times and increases the speed at which you can get people through the doors. Flowhub also integrates with METRC which is the software California has chosen for track and trace. The largest retailers in the industry trust Flowhub to power their supply chain and POS infrastructure.



### 7.8.1 Track and Trace

Our dispensary will enter the following events into the track and trace system:

1. Receipt of cannabis goods from a distributor or transporter;
  - a. Enter the following information:
    - i. Distributor's name and license number;
    - ii. Name of licensee who transported the cannabis goods and license number;
    - iii. Type of cannabis goods received;
    - iv. Amount received, by weight or count;
    - v. Best-by, sell-by, or expiration date, if any, of each product received;
    - vi. The date of receipt of cannabis goods;
    - vii. The unique identifiers associated with the cannabis goods received; and
    - viii. Other information required elsewhere by law.
2. Sale of medical cannabis goods to a cannabis patient or primary caregiver;
  - a. Enter the following information:
    - i. The name of the licensed dispensary employee who processed the sale;
    - ii. The name or a patient identification number of the medical cannabis patient or primary caregiver who made the purchase;
    - iii. The date and time of the transaction;
    - iv. A list of all of the cannabis goods purchased, including a description of the quantity purchased;
    - v. The unique identifiers associated with the cannabis goods sold; and
    - vi. Other information required elsewhere by law.
3. Return of cannabis goods to a distributor;
  - a. Enter the following information:
    - i. Distributor's name and license number;
    - ii. Name of licensee who transported the cannabis goods and license number;
    - iii. Type of cannabis goods returned;
    - iv. Amount received, by weight or count;
    - v. Best-by, sell-by, or expiration date, if any, of each cannabis good returned;
    - vi. The date of the return of medical cannabis goods;
    - vii. The unique identifiers associated with the cannabis goods returned; and
    - viii. Other information required elsewhere by law.
4. Destruction of cannabis goods;
  - a. Enter the following information:
    - i. The name of the licensed dispensary employee who performed the destruction;
    - ii. The date and time of the destruction;
    - iii. A list of all of cannabis goods destroyed, including a description of the quantity destroyed;
    - iv. The unique identifiers associated with the cannabis goods destroyed; and
    - v. Other information required elsewhere by law.
5. Transfer of cannabis goods to a distributor for destruction;
  - a. Enter the following information:
    - i. Distributor's name and license number;
    - ii. Name of licensee who transported the cannabis goods and license number;
    - iii. Type of cannabis goods transferred;
    - iv. Amount transferred, by weight or count;
    - v. The date of the transfer of cannabis goods;
    - vi. The unique identifiers associated with the cannabis goods transferred;
    - vii. Other information required elsewhere by law.

## **8.9 FIRE PLAN**

To make sure we develop a fire protection plan adequate in all of the occupancy categories relevant to a medical cannabis dispensary, we have partnered with Cintas Fire Extinguisher Service & Sales to evaluate our building and assist us in crafting a comprehensive plan.

### **8.9.1 Fire Safety**

We fully understand the importance of fire safety for operations. Pharm House will do its best to learn from other examples to prevent problems from occurring with our facility.

Pharm House recognizes that a prime motivation for regulating medical cannabis dispensaries is to protect the peace, health, safety, and welfare of the community from these types of problems. Electrical fires not only cause millions of dollars of property damage annually, but they also affect lives.

Because of the complex nature of a dispensary, which combines moderate-hazard manufacturing, medical-type services, and finished goods made available to a limited public, it needs to meet safety standards for F-1 (moderate-hazard manufacturing), B (professional service), and M (merchant) occupancy classifications.

## 8.9.2 Fire Plan Overview

### Preventive Safety Measures

#### 1. Patient Service Areas of the Dispensary

- a. In addition to the above, further fire safety measures must be adopted in the dispensary areas that will be frequented by patient members:
  - i. Promulgation of a strict no-smoking policy and other fire prevention rules to all members;
  - ii. Clearly marked and illuminated exits and evacuation routes; and
  - iii. A dispensary staff trained and routinely drilled in the proper procedures to evacuate members.

#### 2. Fire Suppression

- a. Pharm House will employ many techniques to mitigate and control fires if they occur. Smart mitigation techniques limit fire damage and danger, and they conserve the resources of the Seaside Fire Department by reducing the number of incidents that require response by firefighters. These mitigation techniques include the following:
  - i. Fire Alarms
  - ii. Sprinklers
  - iii. Extinguishers
  - iv. Monitoring Services
  - v. Fire Evacuation Plan

#### 3. Standardization of Procedures

- a. Standardization of procedures is the only way to ensure accountability and comprehensive preparedness. Accordingly, Pharm House has developed a set of standardized forms and checklists to ensure that our safety procedures are correctly implemented and followed. In our Fire Safety Plan we provide a sample of these safety-procedure forms and checklists:
  - i. Fire Risk Survey
  - ii. General Fire Prevention Checklist
  - iii. Exits Checklist
  - iv. Flammable and Combustible Material Checklist

#### 4. First Aid and Safety

- a. Cintas will provide a first aid kit and A.E.D. defibrillator on site for employees and customers.

## 9 INVENTORY CONTROL

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Pharm House Wellness Center will maintain an accurate record of its inventory. We will provide the City of Seaside and the Bureau of Cannabis Control with a record of its current inventory upon request. Pharm House will keep a record of the following information for all cannabis goods the dispensary has in its inventory:

- A description of each item in the dispensary inventory. This description will be such that the cannabis goods can easily be identified;
- An accurate measurement of the quantity of the item;
- The date and time the product was received by the licensed dispensary;
- The sell-by or expiration date on any medical cannabis goods, if any;
- The name and license number of the licensed distributor that delivered the medical cannabis goods;
- The price the licensed dispensary paid for the medical cannabis goods, including taxes, delivery costs, or any other costs.

### 9.1 INVENTORY RECONCILIATION

Pharm House will perform a reconciliation of its inventory at least once every seven days. We will verify that the dispensary's physical inventory matches the licensed dispensary's records pertaining to inventory. The result of inventory reconciliation will be retained in the dispensary's records and will be made available to City of Seaside and the Bureau of Cannabis Control upon request.

If Pharm House identifies any evidence of theft, diversion, or loss, the dispensary will notify the Seaside Police Department and the Bureau of Cannabis Control.

If a significant discrepancy is discovered between the physical inventory and the inventory records, we will notify the Seaside Police Department and the Bureau of Cannabis Control.

### 9.2 RECORD OF SALES

Pharm House will maintain an accurate record of every sale made to a customer.

A record of a sale shall contain the following information:

- The name of the licensed dispensary employee who processed the sale.
- The date and time of the transaction.
- A list of all the cannabis goods purchased, including the quantity purchased.
- The total amount paid for the sale including the individual prices paid for each cannabis good purchased and any amounts paid for taxes.

# 10 SWOT ANALYSIS

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The SWOT Analysis is designed to identify the strengths, weaknesses, opportunities, and threats to a given organization.

- **Strengths** describe internally the advantages an organization has, it describes what makes a company unique, and identifies a company's unique sell proposition.
- **Weaknesses** describe internally what the company must improve, what should be avoided, and potential factors that may result in a loss of sales or operational capabilities.
- **Opportunities** describe externally marketplace trends, government policy, changes in social patterns, population patterns, and lifestyle changes that could be used toward a marketplace advantage.
- **Threats** describe external obstacles that a company faces. This may include government regulatory bodies, competitors, or changes in quality standards.

The below SWOT analysis summarizes Pharm House Wellness Center:

## 10.1 STRENGTHS

- Pharm House will maintain quality employees due to their profit sharing incentive program.
- Founders Tyson and Wes are active existing members of the Seaside Community and have a history of contributing to the communities that they are apart of
- Both owners have experience in operational and managerial roles making them ideal dispensary managers
- The Pharm House vision has been thought thru in enormous detail. This is exhibited by the early preparations made by the owners and can be found throughout this plan and supporting documentation
- Given the forethought, the operation will be nearly turn-key upon city approval to operate ensuring a quick grand opening
- The owners can adapt to a purely medical environment until recreational sales become available
- Both owners are committed to Community Benefits, Diversity, and Fair Employee Practices
- The Pharm House vision will create a unique presence in the Seaside Community

## 10.2 WEAKNESSES

- State procedures may be slow to emerge from the State of California

## 10.3 OPPORTUNITIES

- Marijuana usage as a medicine is becoming more accepted by the general public
- Partnerships can be formed with existing and emerging groups dedicated to education and use of alternative medicines
- Pharm House can build and strengthen alliances with the large pool of existing marijuana operations in Seaside, California

## 10.4 THREATS

- Potential federal intervention – if the cannabis climate changes and is subject to threats by the Trump Administration and Attorney General Jeff Sessions
- Internal Revenue Code Section 280E/tax difficulties
- Potential lack of access to banking

# 11 APPENDIX

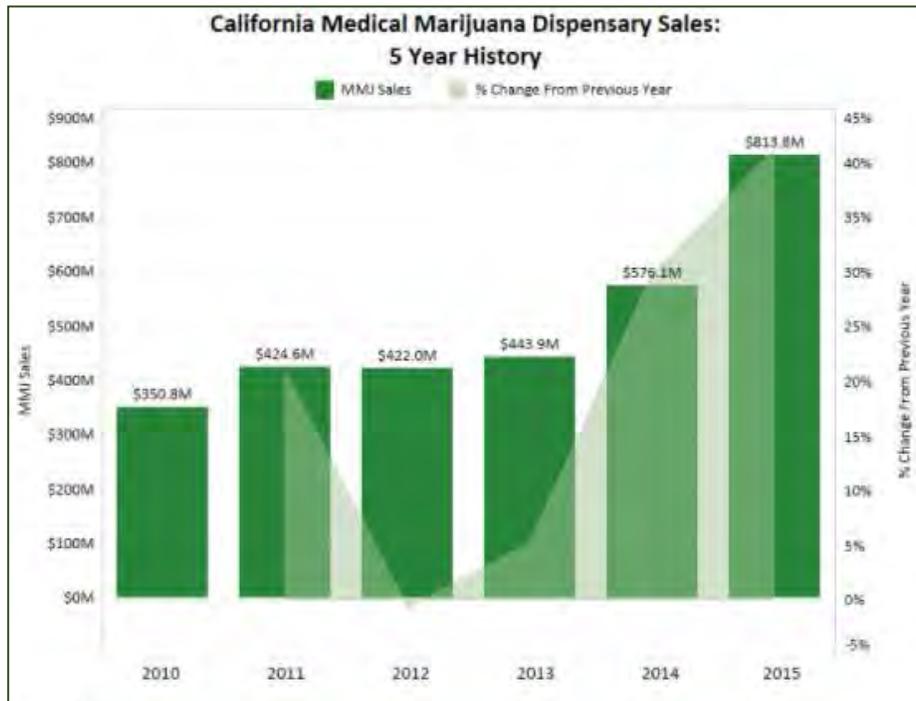
## 11.1 OVERALL PROJECT ASSUMPTIONS

Assumptions			
2	\$40	Average retail price of 1/8 marijuana or 3.5 grams (\$12/g or \$12,000/kg)	
3	\$25	Average cost of 1/8 marijuana or 3.5 grams (\$8/g or \$8300/kg) - See note 15	
12	156	Estimated number of customers per day	
12.1	11	Estimated Number of customers per hour	
13	8%	Expected member growth per month (we expect this to be higher than average in first year)	
14	\$80	Estimated spend per member per month (approx. 1/2 or 14 grams)	
3.1	48.80%	Inventory ratio of Flowers	
4	11.60%	Inventory ratio of Pre Rolls	
5	13.20%	Inventory ratio of Edibles	
6	10.80%	Inventory ratio of Concentrates	
7	8.30%	Inventory ratio of Vap Pens/Cartridges	
8	3.80%	Inventory ratio of Beverages	
9	2.20%	Inventory ratio of Tinctures/Sublinguals	
9.1	1.10%	Inventory ratio of Topicals	
9.2	0.70%	Inventory ratio of Capsules	
9.3	0.10%	Inventory ratio of Multi-Item Baskets	
9.4	53.50%	Profit Margin for Flower	
9.5	57.40%	Profit Margin for Pre-Rolls	
9.6	56.00%	Profit Margin for Edibles	
9.7	55.10%	Profit Margin for Concentrates	
9.8	57.20%	Profit Margin for Vap Pens/Cartridges	
9.9	56.20%	Profit Margin for Beverages	
9.91	56.40%	Profit Margin for Tinctures/Sublinguals	
9.92	55.70%	Profit Margin for Topicals	
9.93	58.00%	Profit Margin for Capsules	
9.94	54.70%	Profit Margin for Multi-Basket Items	
16	61.36%	Percentage of costs of goods sold for Flower Product	
17	12.90%	Percentage of costs of goods sold for Edibles	
17.1	10.97%	Percentage of costs of goods sold for Pre-Rolls	
17.2	10.77%	Percentage of costs of goods sold for Concentrates	
17.3	7.89%	Percentage of costs of goods sold for Vapor Pens	
17.4	3.70%	Percentage of costs of goods sold for Beverages	
17.5	2.13%	Percentage of costs of goods sold for Tinctures & Sublinguals	
17.6	1.08%	Percentage of costs of goods sold for Topicals	
17.7	0.07%	Percentage of costs of goods sold for Capsules	
17.8	0.10%	Percentage of costs of goods sold for Multi-Item Baskets	
10	\$7,000	Estimate on licenses includes: Fire Inspection \$219, Business License \$1000, Seller's Permit \$0	
11	\$10,800	Annual Insurance quoted from Scurrich Insurance	
18	8.75%	Sales tax	
18.1	15.00%	State excise tax	
18.2	6.00%	Local tax	
18.3		6% of up to \$2k of annual sales/sqr ft of	
19	9.62%	Personal Income Taxrate in California	

## 11.2 DISPENSARY CUSTOMERS

The number of customers our dispensary will serve in our first year is 149 patients a day based on the expected number of users in the area calculated at a growth rate of 8% per month. This is higher than the California member growth rate averages which has been 40% year over year in California.

Source: <https://mjbizdaily.com/chart-california-medical-marijuana-sales-skyrocket-132-since-2010/>



## 11.3 PAYROLL ESTIMATES

Payroll				
Position	Hours/yr	Annual Pay	Tax	Total Cost
Budtenders	5642	\$98,735.00	\$9,513.23	\$108,248.23
Security	8736	\$157,248.00	\$13,989.47	\$171,237.47
FOH	4914	\$63,882.00	\$6,846.97	\$70,728.97
General Manager	Salary	\$40,000.00	\$3,452.00	\$43,452.00
<b>Total</b>	<b>19,292</b>	<b>\$359,865.00</b>	<b>\$33,801.67</b>	<b>\$393,666.67</b>
Individual Position Payroll				
Position	Hours/yr	Annual Pay	Tax	Total Cost
General Manager	Salary	\$40,000.00	\$3,452.00	\$43,452.00
Budtender 1	1092	\$19,110.00	\$1,853.92	\$20,963.92
Budtender 2	1352	\$23,660.00	\$2,201.99	\$25,861.99
Budtender 3	1326	\$23,205.00	\$2,167.18	\$25,372.18
Budtender 4	1066	\$18,655.00	\$1,819.11	\$20,474.11
Budtender 5	806	\$14,105.00	\$1,471.03	\$15,576.03
Security 1	1747.2	\$30,576.00	\$2,731.06	\$33,307.06
Security 2	1747.2	\$30,576.00	\$2,731.06	\$33,307.06
Security 3	1747.2	\$34,944.00	\$3,065.22	\$38,009.22
Security 4	1747.2	\$30,576.00	\$2,731.06	\$33,307.06
Security 5	1747.2	\$30,576.00	\$2,731.06	\$33,307.06
FOH 1	962	\$12,506.00	\$1,348.71	\$13,854.71
FOH 2	1196	\$15,548.00	\$1,581.42	\$17,129.42
FOH 3	1144	\$14,872.00	\$1,529.71	\$16,401.71
FOH 4	910	\$11,830.00	\$1,297.00	\$13,127.00
FOH 5	702	\$9,126.00	\$1,090.14	\$10,216.14
<b>Total</b>	<b>19,292</b>	<b>\$359,865.00</b>	<b>\$33,801.67</b>	<b>\$393,666.67</b>
<b>Totals</b>				
	<b>Payroll</b>	<b>Taxes</b>	<b>Tax Percentage</b>	<b>Total</b>
	<b>\$359,865.00</b>	<b>\$33,801.67</b>	<b>9.39%</b>	<b>\$393,666.67</b>

# 11.4 DETAILED FURNITURE & EQUIPMENT ESTIMATES

Furniture & Equipment			Cost Estimates		
Item	Description	Amount	Quantity	Total	
<b>LOCATION</b>					
<b>Front of Store Furniture (seats, plants, tables)</b>					
Sofa	Ikea 3-Seat Sofa	\$599	1	\$599	
Chair	Ikea Chair	\$279	1	\$279	
Side Table	Rustic Side Table	\$40	1	\$40	
Side Tables	2 Side Tables	\$140	1	\$140	
Coffee Table	Pine up cycled furniture	\$250	1	\$250	
Bench	Blue bench with storage	\$65	1	\$65	
Chair	Rocking chair	\$250	1	\$250	
<b>Subtotal</b>				<b>\$1,623</b>	
<b>Front of Store Displays (shelving, counters, display cabinets)</b>					
Shelving	Pine Hutch	\$950	1	\$950	
Shelving	Hutch	\$350	1	\$350	
Shelving	Antique Pine Hutch	\$275	1	\$275	
<b>Subtotal</b>				<b>\$1,575</b>	
<b>Office Furniture (desk, tables, shelves)</b>					
Desk / Table	Rustic Dining Table	\$135	1	\$135	
Desk	Nice distressed pine executive desk	\$250	1	\$250	
Desk / Table	Beautiful Rustic Farmhouse Dining Tables	\$450	1	\$450	
Shelves	pine shelving units	\$75	2	\$150	
<b>Subtotal</b>				<b>\$985</b>	
<b>Security (cameras, window bars, locks)</b>					
Cameras		\$500	4	\$2,000	
Bars and Locks		\$1,000	1	\$1,000	
<b>Subtotal</b>				<b>\$3,000</b>	
<b>Exterior Signage</b>					
Sandwich Board		\$30	1	\$30	
Building Sign		\$1,500	1	\$1,500	
<b>Subtotal</b>				<b>\$14,366</b>	
<b>TECHNOLOGY</b>					
TVs (2 for front product displays)	LG 49" Smart TV	\$299	2	\$598	
iPad for Front Counter (9.7 inch)	9.7" iPad Pro	\$699	1	\$699	
iPods for Each Employee	iPod Touch 32 GB	\$250	2	\$500	
Computer (for office)	13" Macbook Air 128GB	\$799	1	\$799	
Treez Server		\$1,804	1	\$1,804	
Treez POS		\$2,003	2	\$4,006	
Treez Patient Intake		\$2,424	1	\$2,424	
Treez Kiosk		\$20,000	1	\$20,000	
Scale (for office)			1	\$0	
Label Maker (for office)			1	\$0	
Driver's License Scanner (for front counter)			1	\$0	
Bar Code Scanners (2 for front counter and office)			1	\$0	
Kiosk					
<b>Subtotal</b>				<b>\$30,830</b>	

# 11.5 MONTHLY PRO-FORMA STATEMENT

Item	Notes	First Year												Total	
		Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12		
<b>MEMBERS</b>		12 & 13	3137	3388	3659	3952	4268	4482	4482	4482	4482	4482	4482	4482	49780
Per Hour			8.7	9.4	10.2	11.0	11.9	12.5	12.5	12.5	12.5	12.5	12.5	12.5	
<b>REVENUES</b>															
Flowers	3.1	\$145,450	\$157,086	\$169,653	\$183,225	\$197,883	\$207,786	\$207,786	\$207,786	\$207,786	\$207,786	\$207,786	\$207,786	\$2,307,795	
Edibles	4	\$34,574	\$37,340	\$40,327	\$43,553	\$47,038	\$49,392	\$49,392	\$49,392	\$49,392	\$49,392	\$49,392	\$49,392	\$548,574	
Pro-Rolls	5	\$39,343	\$42,490	\$45,890	\$49,561	\$53,526	\$56,204	\$56,204	\$56,204	\$56,204	\$56,204	\$56,204	\$56,204	\$624,240	
Concentrates	6	\$32,190	\$34,765	\$37,546	\$40,550	\$43,794	\$45,985	\$45,985	\$45,985	\$45,985	\$45,985	\$45,985	\$45,985	\$510,742	
Vapor Pens	7	\$24,738	\$26,717	\$28,855	\$31,163	\$33,656	\$35,341	\$35,341	\$35,341	\$35,341	\$35,341	\$35,341	\$35,341	\$392,514	
Beverages	8	\$11,326	\$12,232	\$13,211	\$14,268	\$15,409	\$16,180	\$16,180	\$16,180	\$16,180	\$16,180	\$16,180	\$16,180	\$179,705	
Tinctures & Sublinguals	9	\$6,557	\$7,082	\$7,648	\$8,260	\$8,921	\$9,367	\$9,367	\$9,367	\$9,367	\$9,367	\$9,367	\$9,367	\$104,400	
Topicals	9.1	\$3,279	\$3,541	\$3,824	\$4,130	\$4,460	\$4,684	\$4,684	\$4,684	\$4,684	\$4,684	\$4,684	\$4,684	\$52,020	
Capsules	9.2	\$2,086	\$2,253	\$2,434	\$2,628	\$2,838	\$2,981	\$2,981	\$2,981	\$2,981	\$2,981	\$2,981	\$2,981	\$33,104	
Multi-Item Gift Sets	9.3	\$2,98	\$322	\$348	\$375	\$405	\$426	\$426	\$426	\$426	\$426	\$426	\$426	\$4,729	
<b>Total Revenues</b>		<b>\$298,053</b>	<b>\$321,897</b>	<b>\$347,649</b>	<b>\$378,461</b>	<b>\$405,498</b>	<b>\$425,790</b>	<b>\$4,757,463</b>							
<b>COSTS OF GOODS SOLD</b>															
Flowers/Pro-Rolls	16	\$67,634	\$73,045	\$78,889	\$85,200	\$92,016	\$96,620	\$96,620	\$96,620	\$96,620	\$96,620	\$96,620	\$96,620	\$1,073,125	
Edibles	17	\$14,729	\$15,907	\$17,179	\$18,554	\$20,038	\$21,041	\$21,041	\$21,041	\$21,041	\$21,041	\$21,041	\$21,041	\$233,693	
Concentrates	17.2	\$14,453	\$15,609	\$16,858	\$18,207	\$19,663	\$20,647	\$20,647	\$20,647	\$20,647	\$20,647	\$20,647	\$20,647	\$229,323	
Vapor Pens	17.3	\$10,588	\$11,435	\$12,350	\$13,338	\$14,405	\$15,126	\$15,126	\$15,126	\$15,126	\$15,126	\$15,126	\$15,126	\$167,996	
Beverages	17.4	\$4,961	\$5,358	\$5,786	\$6,249	\$6,749	\$7,087	\$7,087	\$7,087	\$7,087	\$7,087	\$7,087	\$7,087	\$78,711	
Tinctures & Sublinguals	17.5	\$2,859	\$3,088	\$3,335	\$3,601	\$3,890	\$4,084	\$4,084	\$4,084	\$4,084	\$4,084	\$4,084	\$4,084	\$45,361	
Topicals	17.6	\$1,452	\$1,569	\$1,694	\$1,830	\$1,976	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$23,045	
Capsules	17.7	\$876	\$946	\$1,022	\$1,104	\$1,192	\$1,252	\$1,252	\$1,252	\$1,252	\$1,252	\$1,252	\$1,252	\$13,804	
Multi-Item Gift Sets	17.8	\$135	\$146	\$157	\$170	\$184	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$2,142	
<b>Total COGS</b>		<b>\$117,687</b>	<b>\$127,102</b>	<b>\$137,271</b>	<b>\$148,252</b>	<b>\$160,112</b>	<b>\$168,125</b>	<b>\$1,867,299</b>							
<b>EXPENSES</b>															
Wages & Benefits		\$20,992	\$22,671	\$24,485	\$26,444	\$29,989	\$29,989	\$29,989	\$29,989	\$29,989	\$29,989	\$29,989	\$29,989	\$334,503	
Rent		\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$33,600	
Utilities		\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$285	\$3,420	
Insurance General Liability		\$468	\$468	\$468	\$468	\$468	\$468	\$468	\$468	\$468	\$468	\$468	\$468	\$5,614	
Insurance Workmans Comp		\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$1,446	\$17,363	
Advertising & Promotions		\$2,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$13,500	
Office Supplies		\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600	
POS System (Flow Hub)		\$479	\$479	\$479	\$479	\$479	\$479	\$479	\$479	\$479	\$479	\$479	\$479	\$5,748	
Comcast Business		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	
Surveillance System		\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400	
Postage & Courier		\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600	
Quickbooks		\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$420	
Payroll System		\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$965.76	
CPA		\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$2,100.00	
<b>Total Expenses</b>		<b>\$29,661</b>	<b>\$29,840</b>	<b>\$31,684</b>	<b>\$33,612</b>	<b>\$37,157</b>	<b>\$422,024</b>								
<b>EARNINGS BEFORE INTEREST AND TAXES</b>															
6% Tax on Gross Receipts (Local)	18.2	\$17,883	\$19,314	\$20,859	\$22,528	\$24,330	\$25,547	\$25,547	\$25,547	\$25,547	\$25,547	\$25,547	\$25,547	\$283,745	
8.75% Sales Tax (State)	18	\$13,187	\$14,434	\$15,638	\$16,940	\$18,220	\$19,294	\$19,294	\$19,294	\$19,294	\$19,294	\$19,294	\$19,294	\$213,479	
15% Excise Tax on Purchased MJ (State)	18.1	\$17,653	\$19,065	\$20,591	\$22,238	\$24,017	\$25,219	\$25,219	\$25,219	\$25,219	\$25,219	\$25,219	\$25,219	\$280,095	
6% of up to \$2k of annual sales/sq ft	18.3	\$17,883	\$19,314	\$20,859	\$22,528	\$24,330	\$25,547	\$25,547	\$25,547	\$25,547	\$25,547	\$25,547	\$25,547	\$283,745	
Payroll tax		\$1,690	\$1,825	\$1,971	\$2,129	\$2,299	\$2,483	\$2,483	\$2,483	\$2,483	\$2,483	\$2,483	\$2,483	\$27,543	
<b>INCOME (Pre-FED)</b>		<b>\$131,132</b>	<b>\$143,816</b>	<b>\$155,895</b>	<b>\$168,940</b>	<b>\$181,599</b>	<b>\$192,477</b>	<b>\$192,279</b>	<b>\$192,468</b>	<b>\$192,468</b>	<b>\$192,468</b>	<b>\$192,468</b>	<b>\$192,468</b>	<b>\$1,351,157</b>	
Federal Income tax (Estimated @ 40%)		\$52,452.72	\$57,526.32	\$62,357.82	\$67,575.83	\$72,639.61	\$76,990.91	\$76,911.45	\$76,987.23	\$76,987.23	\$76,987.23	\$76,987.23	\$76,987.23	\$540,462.94	
<b>NET INCOME</b>		<b>\$78,679</b>	<b>\$86,289</b>	<b>\$93,537</b>	<b>\$101,364</b>	<b>\$108,959</b>	<b>\$115,486</b>	<b>\$115,367</b>	<b>\$115,481</b>	<b>\$115,481</b>	<b>\$115,481</b>	<b>\$115,481</b>	<b>\$115,481</b>	<b>\$810,694</b>	

# 11.6 DISPENSARIES IN SIMILAR COUNTIES

Dispensary	Gross Revenue												Year Total
	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	
MAIN STREET MARIJUANA - CLARK - 414876	\$1,427,932	\$1,508,413	\$1,490,441	\$1,471,727	\$1,396,868	\$1,357,079	\$1,333,882	\$1,439,669	\$1,304,314	\$1,321,954	\$1,429,248	\$1,285,508	\$16,767,035
MAIN STREET MARIJUANA EAST - CLARK - 421805	\$691,576	\$702,094	\$701,085	\$672,321	\$621,193	\$583,426	\$572,206	\$579,898	\$505,017	\$531,931	\$553,374	\$476,408	\$7,190,529
TREEHOUSE CLUB - SPOKANE - 413369	\$565,201	\$574,480	\$622,249	\$599,027	\$586,342	\$564,528	\$570,961	\$608,171	\$550,694	\$537,902	\$586,738	\$575,394	\$6,941,687
THE HERBERY - CLARK - 413848	\$530,299	\$582,588	\$587,068	\$580,119	\$548,454	\$516,492	\$516,399	\$516,432	\$458,110	\$457,985	\$490,962	\$423,810	\$6,208,718
GREENLIGHT - SPOKANE - 415112	\$523,624	\$613,091	\$535,882	\$547,220	\$545,188	\$536,685	\$567,534	\$631,288	\$574,574	\$586,548	\$659,874	\$649,855	\$6,971,363
SATIVA SISTERS - SPOKANE - 413739	\$522,136	\$562,278	\$582,283	\$587,196	\$586,743	\$549,043	\$570,597	\$630,076	\$517,823	\$509,315	\$563,545	\$585,840	\$6,766,875
HIGH-5 CANNABIS - CLARK - 421702	\$514,804	\$543,354	\$552,754	\$540,122	\$493,971	\$486,531	\$533,552	\$544,137	\$483,793	\$505,427	\$540,837	\$454,127	\$6,193,409
LOCALS CANNA HOUSE - SPOKANE - 414823	\$493,965	\$521,669	\$506,122	\$480,629	\$452,059	\$426,223	\$413,857	\$437,215	\$376,960	\$352,120	\$362,858	\$320,782	\$5,144,459
THE HERBERY - CLARK - 84045	\$455,785	\$478,049	\$475,588	\$468,200	\$450,650	\$441,694	\$448,210	\$464,675	\$410,328	\$417,675	\$481,078	\$432,846	\$5,424,778
APEX CANNABIS - SPOKANE - 422447	\$447,519	\$441,606	\$416,371	\$417,744	\$391,575	\$353,423	\$325,737	\$298,239	\$235,833	\$195,640	\$172,703	\$134,553	\$3,830,943
SATORI - SPOKANE - 414664	\$443,860	\$471,364	\$500,619	\$497,317	\$491,219	\$474,475	\$529,382	\$538,456	\$481,316	\$478,929	\$540,790	\$547,931	\$5,995,658
THE HERBERY - CLARK - 71368	\$424,784	\$434,033	\$424,655	\$410,441	\$381,679	\$357,884	\$349,378	\$342,487	\$275,422	\$260,649	\$245,128	\$190,390	\$4,096,930
CANNABIS & GLASS - SPOKANE - 360307	\$420,755	\$450,847	\$454,034	\$392,598	\$355,848	\$352,295	\$374,188	\$455,278	\$454,735	\$461,420	\$500,835	\$505,994	\$5,178,827
LUCKY LEAF - SPOKANE - 422442	\$394,840	\$402,751	\$426,492	\$408,103	\$383,174	\$375,494	\$349,014	\$338,028	\$269,712	\$252,361	\$243,291	\$248,472	\$4,091,732
CINDER - SPOKANE - 414817	\$376,388	\$396,177	\$444,936	\$430,551	\$426,314	\$418,462	\$442,753	\$486,468	\$459,807	\$461,763	\$530,421	\$537,726	\$5,411,766
THE GREEN NUGGET - SPOKANE - 412490	\$360,458	\$352,689	\$315,865	\$293,094	\$308,198	\$323,188	\$338,152	\$373,173	\$349,423	\$358,746	\$374,412	\$389,497	\$4,136,895
NEXT STEPS - SPOKANE - 421698	\$350,073	\$347,184	\$337,426	\$320,778	\$299,914	\$294,807	\$285,044	\$281,366	\$230,504	\$205,087	\$162,149	\$26,506	\$3,140,838
NEW VANSTERDAM - CLARK - 413732	\$324,153	\$324,489	\$337,939	\$353,572	\$335,744	\$325,722	\$338,458	\$351,540	\$319,387	\$330,644	\$391,375	\$366,094	\$4,099,117
SPOKANE GREEN LEAF - SPOKANE - 422146	\$284,401	\$308,399	\$337,681	\$337,311	\$348,408	\$329,982	\$326,997	\$361,437	\$320,881	\$316,825	\$355,002	\$344,562	\$3,971,886
ROYAL'S CANNABIS - SPOKANE - 415132	\$228,421	\$239,492	\$250,654	\$257,547	\$260,253	\$264,361	\$287,622	\$322,342	\$285,946	\$275,122	\$308,070	\$278,624	\$3,258,454
LOVELY BUDS - SPOKANE - 422278	\$224,540	\$241,358	\$233,076	\$225,016	\$224,783	\$225,271	\$220,863	\$247,545	\$224,126	\$214,492	\$237,968	\$226,484	\$2,745,522
CANNABIS COUNTRY STORE - CLARK - 414970	\$212,106	\$227,272	\$239,736	\$234,122	\$225,516	\$222,755	\$209,780	\$205,491	\$186,639	\$202,877	\$229,721	\$193,951	\$2,589,966
CINDER - SPOKANE - 413940	\$209,543	\$235,784	\$244,749	\$237,893	\$234,686	\$223,955	\$237,905	\$261,782	\$232,491	\$227,007	\$273,172	\$285,216	\$2,904,183
HIGH END MARKET PLACE - CLARK - 413550	\$206,843	\$229,728	\$238,774	\$246,083	\$236,739	\$233,729	\$252,287	\$248,297	\$227,446	\$232,019	\$279,073	\$260,327	\$2,891,345
THE TOP SHELF - SPOKANE - 414716	\$201,346	\$216,379	\$226,910	\$238,519	\$244,058	\$242,195	\$258,645	\$280,597	\$244,447	\$244,382	\$265,907	\$283,211	\$2,946,596
GREENHAND - SPOKANE - 420898	\$181,215	\$184,460	\$184,283	\$169,563	\$155,292	\$144,267	\$138,546	\$141,043	\$115,814	\$112,903	\$117,135	\$86,921	\$1,731,442
BUD HUT - CLARK - 421568	\$177,254	\$178,613	\$181,398	\$171,739	\$154,549	\$136,712	\$118,101	\$91,411	\$52,122	\$39,824	\$37,487	\$26,883	\$1,366,093
GREEN SOLUTION PLACE - SPOKANE - 422504	\$146,078	\$138,463	\$128,750	\$130,575	\$142,440	\$143,618	\$143,905	\$135,482	\$127,371	\$127,931	\$103,541	\$54,850	\$1,523,004
MARY JANE'S HOUSE OF GRASS - CLARK - 422158	\$143,059	\$149,492	\$163,536	\$156,519	\$151,017	\$140,515	\$149,728	\$163,329	\$143,299	\$152,878	\$154,730	\$135,583	\$1,803,685
GREEN STAR CANNABIS - SPOKANE - 410798	\$138,881	\$147,411	\$160,396	\$154,997	\$155,587	\$152,243	\$162,390	\$178,697	\$157,132	\$154,380	\$171,635	\$191,427	\$1,925,176
SIMPLY CANNABIS - SPOKANE - 422350	\$136,602	\$142,703	\$143,856	\$139,400	\$140,387	\$131,836	\$128,097	\$140,643	\$116,120	\$119,158	\$135,084	\$128,011	\$1,601,897
Average Sales Per Month	\$379,305	\$398,281	\$401,471	\$392,582	\$378,350	\$365,448	\$370,780	\$390,151	\$344,890	\$343,416	\$370,908	\$343,477	\$4,479,058

## 11.7 PROOF OF CAPITALIZATION

With the newfound partnership between Pharm House and Sugarleaf, the total amount of available capital is now \$682,000 which is more than enough to fund our start-up and first year of operations. Our Cost of Goods Sold will be covered by having consignment from our vendors, this means we will not need to pay for product up-front and will be able to directly cover the costs of goods with income from the customer sales.

### Business Line of Credit

Wesley M Clark

Pharm House Wellness Center

778 Broadway Ave

Seaside CA, 93955

11/8/2017

Mark C. Clark

Dear Mark Clark,

This is a formal request from Pharm House (the Borrower) to set up a line of credit with Mark Clark (the Lender). The Borrower is a medical marijuana dispensary operating in the city of Seaside, CA. The Borrower is a non-cultivation facility that seeks to open a line of credit to supplement their cash needs as it relates to inventory acquisition and other short-term capital funding.

Should the Borrower be awarded the license to sell marijuana in the City of Seaside, the Lendor will extend credit to the Borrower in the form of a line of credit of \$150,000.

This line of credit is a non-collateralized loan. The Lendor is not an owner of any kind in the Borrower. Pharm House Wellness Center is an s-Corp that will not award shares in the Lendor.

Terms of agreement:

Payments - The advances shall bear interest, on the outstanding daily balance thereof, at an annualized rate of 7.5%. Repayments will be credited against the borrowers account on the date repayment is received. Term - The loan matures and all principle and interest will be due in full on 12/30/2019.

Please contact Mark Clark with any questions at [REDACTED]



Deposits in this credit union are insured up to \$100,000 per depositor by FDIC member banks. FDIC. By members' choice. The credit union is not FDIC insured or insured by any other government agency.

\*\*\*\* ACCOUNT BALANCES \*\*\*\* [REDACTED] 05:03PM 20 NOV 17  
Account Type and Description balance Available  
S1 SHARE A/C - SHARES ..... 25.00 0.00  
S8 SHARE A/C - CHECKING ..... 246,030.00 246,030.00

WESLEY CLARK  
[REDACTED]

Ych215142(1) 20 NOV 17 Br 2 Op 237 GINA B [REDACTED]

# Rabobank

ONLINE BANKING

Bank Home

Personal O

Financial Center Accounts Pay and Transfer Customer Service

## Financial Center

Welcome back MARK C CLARK • Last visit: November 17, 2017 • Messages: Q

[REDACTED] [Change](#)

### Accounts

Deposit	Available	Current
PERSONAL CHECKING [REDACTED]	165,139.60	165,139.60
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[Go to Accounts](#) | [Customize this App](#)

### Money Center



Transfer Funds



Pay Bills



Pay People

[+](#) Scheduled Transfers: 0



October 24, 2017

Reginald V. Carter



RE:HELOC Application

Dear Reginald,

We have reviewed your application and are pleased to inform you that your request for a Home Equity Line of Credit (HELOC) has been approved in the amount of \$186,420.00. You may begin using your Line of Credit immediately.

Please read carefully the enclosed terms and conditions upon which this account has been based. You will also find your account number and checks to be drafted against the account.

If you have any questions about your Line of Credit, or if we can be of further service to you, please call us and an account representative will be happy to assist you. When you call, please have your account number available so that we can expedite your request.

Again, thank you for choosing F&M Bank, *Where Banking is Easy.*™ We appreciate your continued patronage and we look forward to serving you.

Sincerely,

Vicki Blandon,  
Senior Vice President, Mortgage Operations

## Loan Detail

Loan Number:	[REDACTED]	Loan Program:	ARM
Amount:	\$100,000.00	Purpose of Loan:	Cash-Out Refi
Property Address:	[REDACTED]	Borrower Names:	Brian Sheltra Gita Sheltra

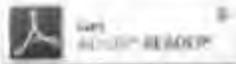
### My Tasks

### Loan Status

Your Loan has Funded! Your loan with Golden 1 Home Loan has funded!	11/27/2017
Your Loan is Closing Soon The Closing Phase has started	11/15/2017
You Are Almost Done - Loan Approved Your loan has received final approval.	11/15/2017
We Are Processing Your Equity Application Your loan is now in the Processing Phase. You will be contacted for additional information.	10/30/2017
Welcome to Golden 1 Home Loans. Welcome to Golden 1 Home Loans	10/25/2017
Applicant Information Received	09/09/2017

## Loan Contact Information

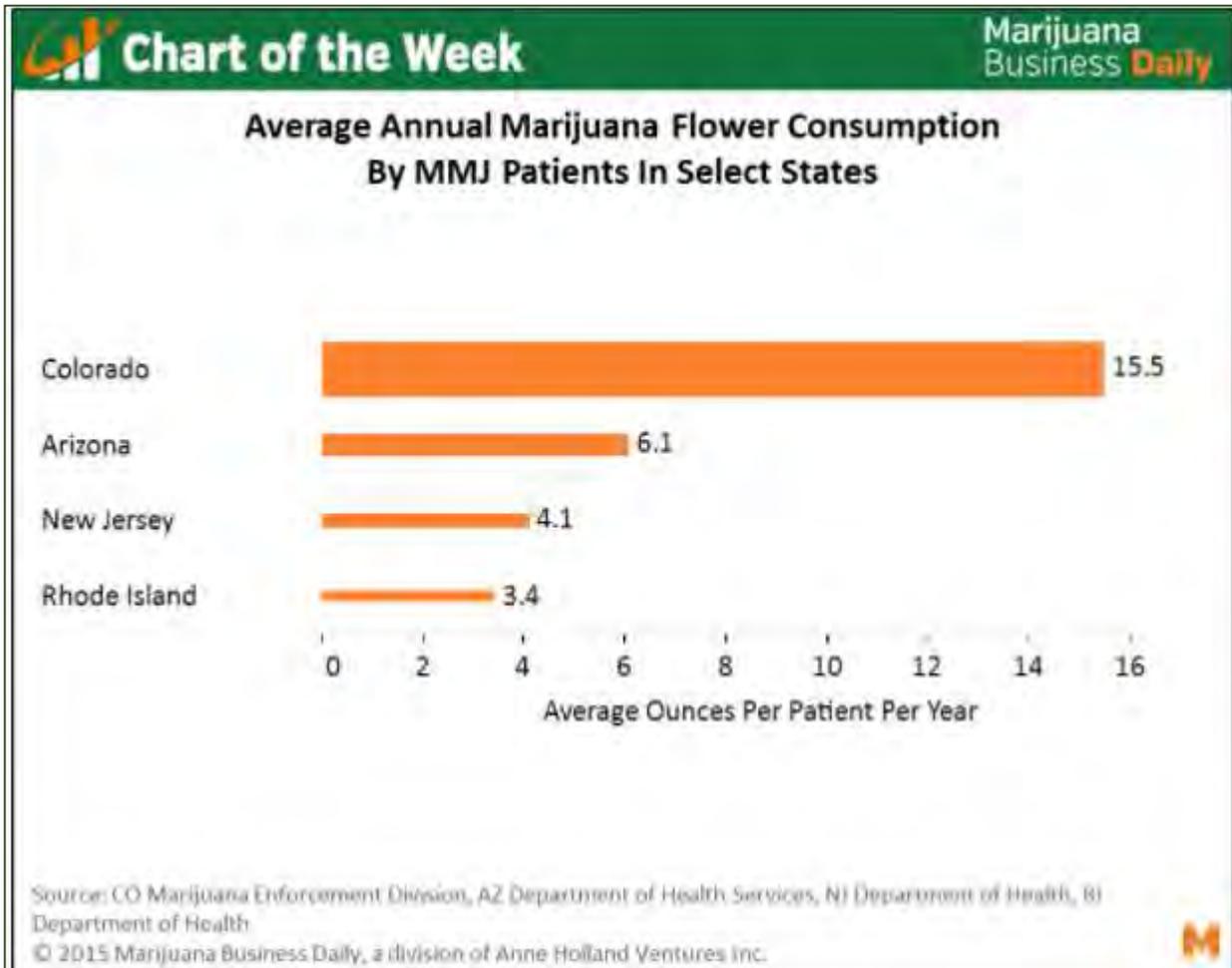
Name:	Jacqueline Tucker	Company:	THE GOLDEN 1 CREDIT UNION
Address:	8945 Cal Center Drive Sacramento, CA 95826	Phone:	(916) 732-2900 Ext. 3280
Email:	jtucker@golden1.com	Fax:	(916) 733-5451



NOTE: Documents are delivered using the industry standard Adobe Acrobat format. Adobe Acrobat 6.0 or above is required to view, print, or save documents.

## 11.8 ESTIMATED PATIENT CONSUMPTION

Source: <https://mjbizdaily.com/chart-of-the-week-average-annual-mmj-purchases-by-state-vary-widely/>



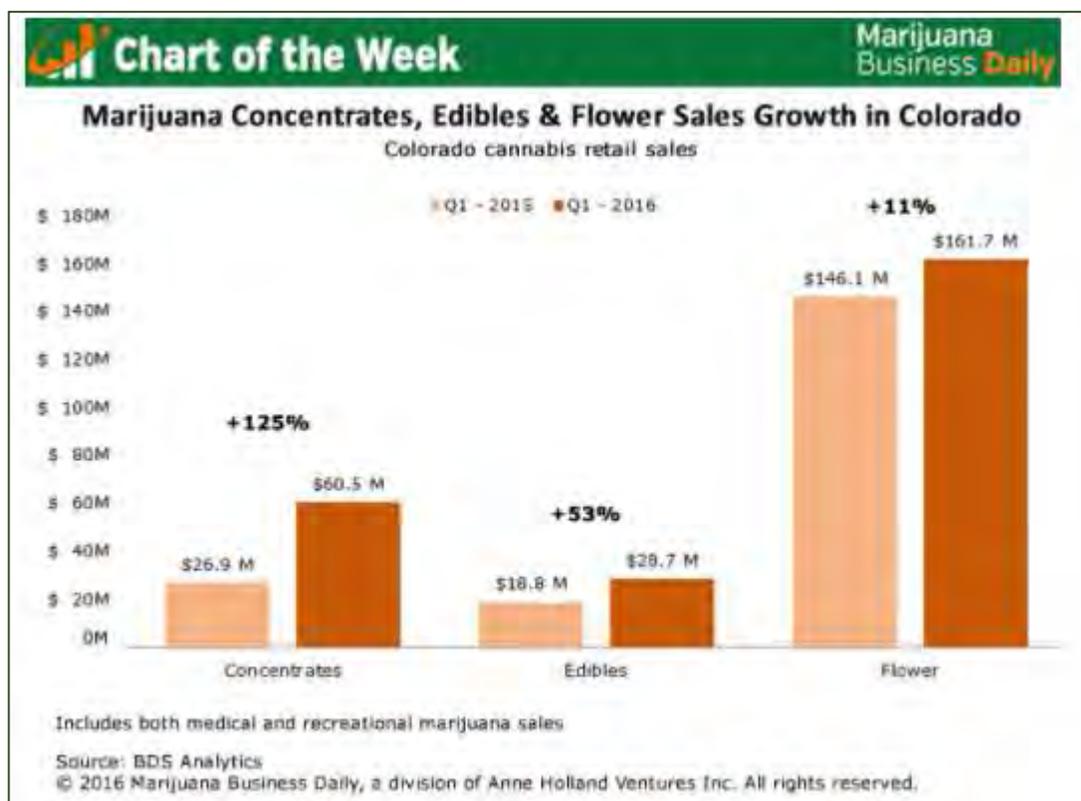
## 11.9 PRODUCT MIX ASSUMPTIONS

Data Source: <https://priceconomics.com/what-are-the-most-popular-marijuana-products/>

Which Products are the Most Popular?		
% of Total Transactions by Product Category		
Rank	Product Category	% of Transactions
1	Flower	48.7%
2	Edible	13.1%
3	Pre-Roll	11.5%
4	Concentrates	10.7%
5	Vapor Pens	8.2%
6	Beverage	3.7%
7	Tincture & Sublingual	2.2%
8	Topical	1.1%
9	Capsules	0.8%
10	Multi-Item Gift Sets	0.1%

## 11.10 PRODUCT MIX GROWTH RATES

Source: <https://mjbizdaily.com/chart-of-the-week-sales-of-marijuana-concentrates-edibles-surgin-in-colorado/>



## 11.11 PRODUCT PROFITABILITY ASSUMPTIONS

Data Source: <https://priceconomics.com/what-are-the-most-popular-marijuana-products/>

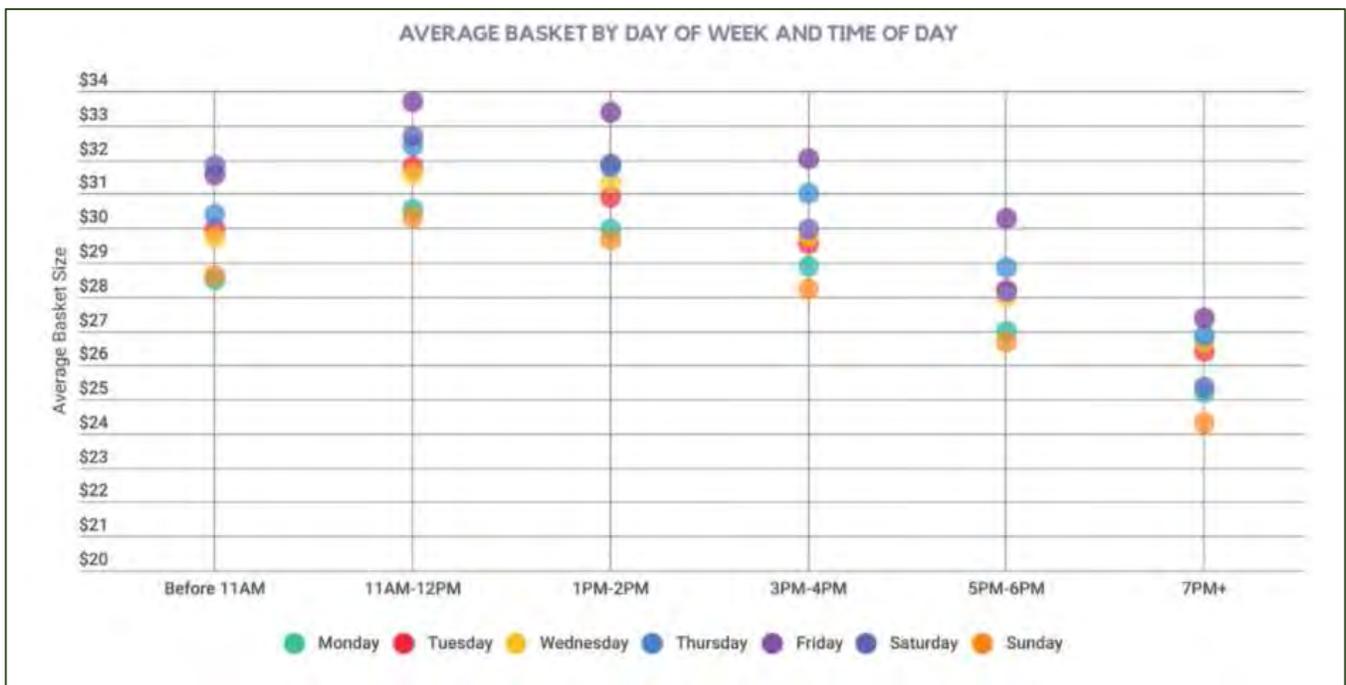
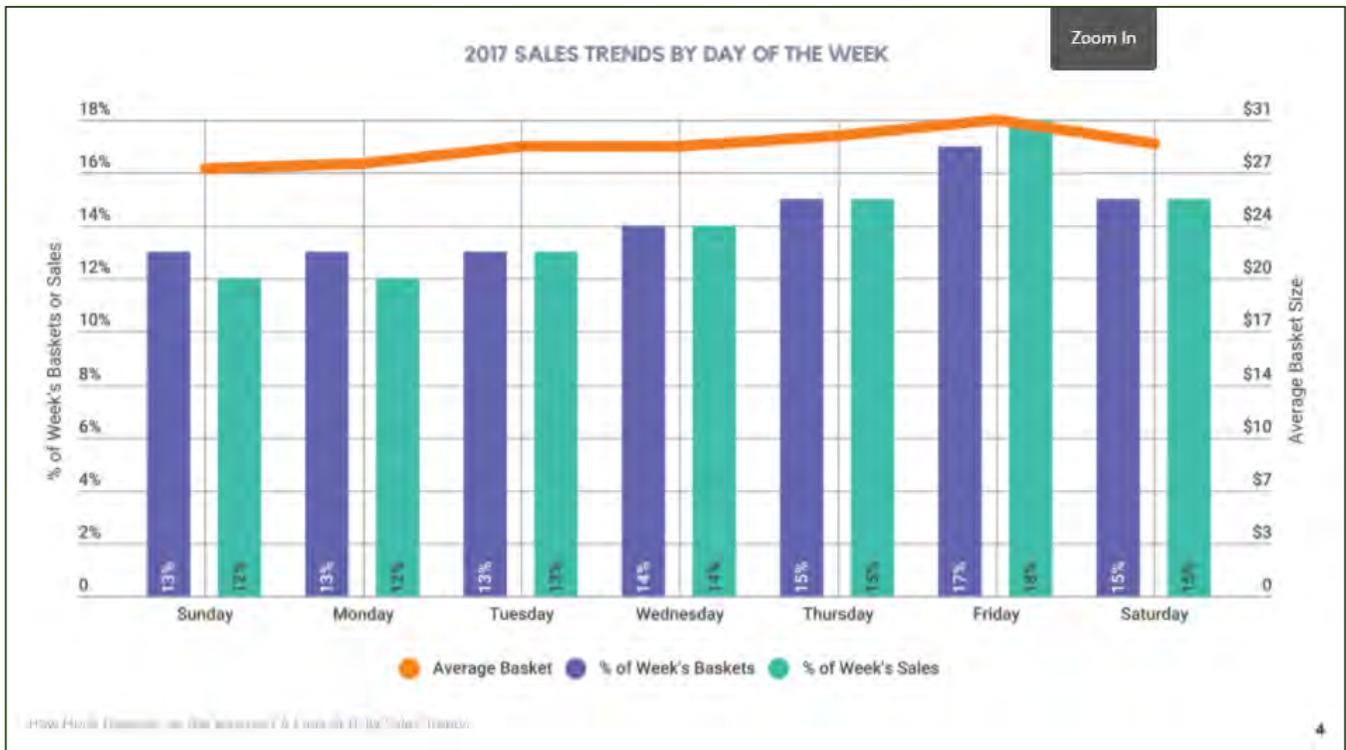
### How Profitable Are Different of Products?

Average Profit Margin by Product Category

Rank	Product Category	Profit Margin
1	Capsules	58.0%
2	Pre-Roll	57.4%
3	Vapor Pens	57.2%
4	Tincture & Sublingual	56.4%
5	Beverage	56.2%
6	Edible	56.0%
7	Topical	55.7%
8	Concentrates	55.1%
9	Multi-Item Gift Sets	54.7%
10	Flower	53.5%

# 11.12 DAILY SALES TRENDS

Source: <https://docsend.com/view/mqjbt3a>



## 11.13 PRICING TRENDS: CANNABIS BENCHMARK DATA

### Cannabis Benchmarks® US Spot - Med vs Rec (Week Ending Jul 07, 2017)

	This Week	Last Week	Week on Week Δ
All Deals	\$ 1,622	\$ 1,635	-0.8%
Medical	\$ 1,703	\$ 1,736	-1.9%
Recreational / Adult-Use	\$ 1,450	\$ 1,424	1.9%

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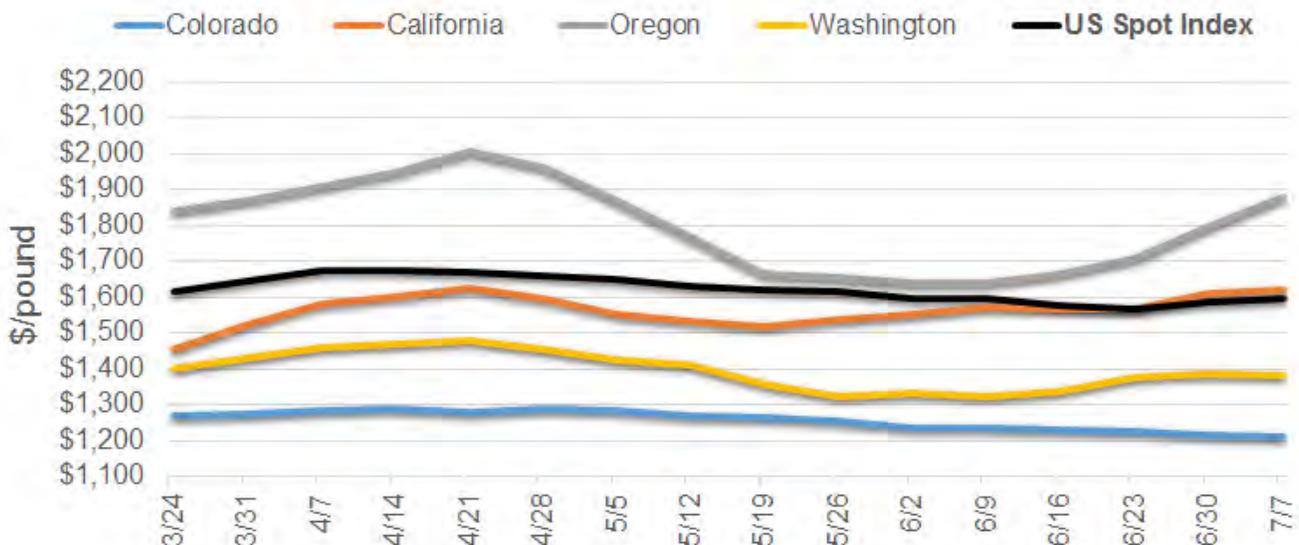
### Cannabis Benchmarks® U.S. Implied Forward Prices (Week Ending July 7, 2017)

Delivery Month	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
This Week's Forward Price	\$ 1,510	\$ 1,500	\$ 1,460	\$ 1,365	\$ 1,465	\$ 1,520
Last Week's Forward Price	\$ 1,510	\$ 1,500	\$ 1,460	\$ 1,365	\$ 1,465	N/A
Change	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Premium/Discount to Spot	-6.9%	-7.5%	-10.0%	-15.8%	-9.7%	-6.3%

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### Cannabis Benchmarks® State Level Spot Pricing

Trailing 4-Week Average \$/pound - Week Ending Jul 07, 2017



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### Pricing Trends Continued...

While all categories have a wide range of prices across the various items the distribution of prices varies greatly by category. **Pre-rolls, a popular budget purchase, see almost 90% of their unit sales being concentrated among products that cost under \$10.** On the other hand, specialty items like Vapor Pens and Topicals have very few of their unit sales on the low end of the price scale.

UNIT SALES BY PRICE BUCKET AND CATEGORY IN FEBRUARY 2017

Categories	\$0 - \$5	\$5 - \$10	\$10 - \$15	\$15 - \$20	\$20 - \$25	\$25 - \$30	\$30+
Beverage	7%	31%	16%	13%	23%	5%	4%
Capsules	5%	5%	14%	33%	32%	7%	4%
Concentrates	0%	3%	13%	32%	25%	13%	14%
Edible	27%	16%	7%	16%	27%	5%	1%
Flower	3%	33%	16%	10%	10%	9%	19%
Pre-Roll	32%	57%	7%	1%	1%	0%	0%
Tincture & Sublingual	26%	0%	6%	8%	32%	18%	11%
Topical	1%	5%	13%	23%	4%	16%	38%
Vapor Pens	0%	0%	2%	8%	25%	36%	30%
<b>Total</b>	<b>15%</b>	<b>33%</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>9%</b>	<b>12%</b>

Every Gram Has Its Price: A Look at Pricing Trends in the Cannabis Industry

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### Pricing Trends Continued...

The decline in average item price is seen in almost all categories with the exception of Flower (which saw a modest gain in prices) and Topicals (which experienced a rapid increase in prices between Feb '16 and Aug '16). This could be due to the popularity of Topicals among later adopters of legal cannabis, specifically older consumers who use them for aches and pains. Flower is and always has been universally popular, and would thus be most likely to see price stability before other categories.

Categories	Average Item Price August 2015	Average Item Price February 2016	Average Item Price August 2016	Average Item Price February 2017	Average Item Price August 2015 - February 2017
Beverage	\$17.78	\$15.11	\$15.69	\$14.50	-18.4%
Capsules	\$20.48	\$22.48	\$18.40	\$17.23	-15.9%
Concentrates	\$26.04	\$22.99	\$22.43	\$20.96	-19.5%
Edible	\$16.56	\$12.87	\$13.20	\$12.91	-22.0%
Flower	\$18.00	\$17.92	\$18.04	\$18.56	3.1%
Pre-Roll	\$8.03	\$7.22	\$6.73	\$6.19	-22.9%
Tincture & Sublingual	\$24.04	\$22.03	\$17.81	\$17.94	-25.4%
Topical	\$18.51	\$16.71	\$22.18	\$22.38	22.2%
Vapor Pens	\$35.43	\$32.81	\$28.82	\$26.22	-26.0%

Every Gram Has Its Price: A Look at Pricing Trends in the Cannabis Industry

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## 11.14 WAGE AND TAX ASSUMPTIONS

<b>Fast Wage/Taxes</b>					
<b>Fed</b>			<b>State (CA)</b>		
<b>Minimum wage</b>			<b>Minimum wage</b>		
20	\$7.25	Minimum Wage	40	\$10.50	Minimum Wage
21	\$2.13	Minimum Cash Wage (Tipped Employee)	41	\$10.50	Minimum Cash Wage (Tipped Employee)
22	\$5.12	Maximum Tip Credit	42	N/A	Maximum Tip Credit
23	\$4.25	Youth Minimum Wage	<b>State Income Tax</b>		
<b>FICA (medicare)</b>			43	<b>Tables</b>	Wage Withholding
24	No Limit	Maximum Taxable Earnings	44	<b>***</b>	Supplemental Wage/Bonus Rate
25	1.45%	Employee / Employer Tax Rate	<b>Unemployment insurance</b>		
26	0.90%	Additional Medicare Tax Withholding on Wages	45	\$7,000	Maximum 2017 Taxable Earnings
<b>FICA (Social Security)</b>			46	none	Employee Deduction
27	1.45%	Maximum Taxable Earnings	47	1.5%-6.2%	Employer 2017 Tax Rates (Plus 0.1% employment training tax assessed on most ERs)
28	6.20%	Employee / Employer Tax Rate	48	3.40%	Standard 2017 New Employer Rate (Plus 0.1% employment training tax)
<b>FUTA (employer-paid)</b>			49	No	Voluntary Contribution Permitted
29	\$7,000	Maximum Taxable Earnings	<b>Disability insurance</b>		
30	6.0%	Percent of Taxable Wages	50	\$110,902	Maximum 2017 Taxable Earnings
31	5.4%	Maximum Credit	51	0.90%	Employee 2017 Deduction Rate
32	0.6%	Normal Net Tax	52	\$998.12	Employee 2017 Maximum W/H
<b>Supplemental wage / Bonus rates</b>			53	None	Employer Contribution
33	25.0%	Flat rate withholding method			
34	39.6%	Pay over \$1 Million	44		<b>***6.6%, except 10.23% for BONUSes</b>
<b>Health Savings Accounts</b>					
35	\$3,400	Self-Only Contribution Limit (Employee & Employer)			
36	\$6,750	Family Contribution Limit (Employee & Employer)			
37	\$1,000	Catch-up Contribution Limit (Employee & Employer)			
<b>Retirement plans</b>					
38	\$18,000	Contribution Limit - 401(k) & 403(b) plans			
39	\$6,000	Catch-up Contribution Limit - 401(k) & 403(b) plans			

# 12 EMPLOYEE IDS

