



# Massachusetts Cannabis Control Commission

## Marijuana Product Manufacturer

### General Information:

License Number: MP281388  
Original Issued Date: 10/15/2020  
Issued Date: 10/15/2020  
Expiration Date: 10/15/2021

## ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: Coil Brothers LLC

Phone Number: 617-869-2809  
Email Address: mbrace@coilbros.com

Business Address 1: 325 Ayer Road, Unit #116  
Business City: Harvard  
Business State: MA  
Business Zip Code: 01451

Business Address 2:  
Mailing Address 1: 325 Ayer Road, Unit #116  
Mailing City: Harvard  
Mailing State: MA  
Mailing Zip Code: 01451

## CERTIFIED DISADVANTAGED BUSINESS ENTERPRISES (DBES)

Certified Disadvantaged Business Enterprises (DBEs): Not a DBE

## PRIORITY APPLICANT

Priority Applicant: no  
Priority Applicant Type: Not a Priority Applicant  
Economic Empowerment Applicant Certification Number:  
RMD Priority Certification Number:

## RMD INFORMATION

Name of RMD:  
Department of Public Health RMD Registration Number:  
Operational and Registration Status:  
To your knowledge, is the existing RMD certificate of registration in good standing?:  
If no, describe the circumstances below:

## PERSONS WITH DIRECT OR INDIRECT AUTHORITY

### Person with Direct or Indirect Authority 1

Percentage Of Ownership: 25  
Role: Owner / Partner  
Percentage Of Control: 25  
Other Role:



First Name: John

Last Name: Goll

Suffix:

Types of Capital: Monetary/Equity Other Type of Capital: Total Value of the Capital Provided: \$90000 Percentage of Initial Capital: 26

Capital Attestation: Yes

#### CAPITAL RESOURCES - ENTITIES

No records found

#### BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES

No records found

#### DISCLOSURE OF INDIVIDUAL INTERESTS

No records found

#### MARIJUANA ESTABLISHMENT PROPERTY DETAILS

Establishment Address 1: 325 Ayer Road, Unit #116

Establishment Address 2:

Establishment City: Harvard

Establishment Zip Code: 01451

Approximate square footage of the Establishment: 3600

How many abutters does this property have?: 6

Have all property abutters have been notified of the intent to open a Marijuana Establishment at this address?: Yes

#### HOST COMMUNITY INFORMATION

Host Community Documentation:

Document Category	Document Name	Type	ID	Upload Date
Community Outreach Meeting Documentation	Community Outreach Attestation.pdf	pdf	5c7f27c93d84de123a61280b	03/05/2019
Plan to Remain Compliant with Local Zoning	PB Special Permit_Site Plan Approval_Coil Bros_325 Ayer Roa.pdf	pdf	5c7f28d42724e81b5255c9a6	03/05/2019
Certification of Host Community Agreement	Host Community Agreement Certification Form_Coil Brothers_11-1-2019_2.pdf	pdf	5dcdda1c9c1081532b9a5322	11/14/2019
Plan to Remain Compliant with Local Zoning	Plan to Remain Compliant with Local Zoning_New.11-14-2019_FINAL.pdf	pdf	5dcddc220f35e05798b36ff5	11/14/2019
Community Outreach Meeting Documentation	Abutter Notice and Receipts_Redacted_03.02.20.pdf	pdf	5e5dbc5ea290f94426bd8616	03/02/2020

Total amount of financial benefits accruing to the municipality as a result of the host community agreement. If the total amount is zero, please enter zero and provide documentation explaining this number.: \$

#### PLAN FOR POSITIVE IMPACT

Plan to Positively Impact Areas of Disproportionate Impact:

Document Category	Document Name	Type	ID	Upload Date
Plan for Positive Impact	Positive Impact Plan_Rev.03-05-20.pdf	pdf	5e616b745a27c34431d18cfd	03/05/2020

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### INDIVIDUAL BACKGROUND INFORMATION

Date generated: 12/03/2020

Page: 3 of 6

### Individual Background Information 1

**Role:** Owner / Partner **Other Role:**  
**First Name:** Rory **Last Name:** Fazendeiro **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** yes

### Individual Background Information 2

**Role:** Owner / Partner **Other Role:**  
**First Name:** Matthew **Last Name:** Brace **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

### Individual Background Information 3

**Role:** Owner / Partner **Other Role:**  
**First Name:** John **Last Name:** Goll **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

### Individual Background Information 4

**Role:** Owner / Partner **Other Role:**  
**First Name:** Matthew **Last Name:** Zipoli **Suffix:**  
**RMD Association:** Not associated with an RMD  
**Background Question:** no

### ENTITY BACKGROUND CHECK INFORMATION

No records found

### MASSACHUSETTS BUSINESS REGISTRATION

Required Business Documentation:

Document Category	Document Name	Type	ID	Upload Date
Bylaws	OpAgmt_CB_final.pdf	pdf	5c9a63828d16491b5c0fc20e	03/26/2019
Articles of Organization	Art_Org.pdf	pdf	5c9a643beadf341230f6bab7	03/26/2019
Secretary of Commonwealth - Certificate of Good Standing	COGS.pdf	pdf	5c9a64e5c4b7a71b66d16b86	03/26/2019
Department of Revenue - Certificate of Good standing	COTGS.pdf	pdf	5c9e16d59ff0081b4821ec91	03/29/2019

No documents uploaded

Massachusetts Business Identification Number: 001323470

Doing-Business-As Name: Coil Brothers

DBA Registration City: Harvard

### BUSINESS PLAN

Business Plan Documentation:

Document Category	Document Name	Type	ID	Upload Date
Business Plan	Coil Brothers, LLC - Business Plan - Final 3_20_19.pdf	pdf	5c925e4f3d84de123a6148a1	03/20/2019

Proposed Timeline	Proposed Timeline_Final_03-26-19.pdf	pdf	5c9a652fb411c1126cf06dc6	03/26/2019
Plan for Liability Insurance	Coil Bros Cert.pdf	pdf	5c9a65545d4b0b1b3ebc4270	03/26/2019
Plan for Liability Insurance	2 14 - Updated Dec Page w SLT added (Entire Policy).pdf	pdf	5c9a65aa9ff0081b4821e6f3	03/26/2019

### OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

Document Category	Document Name	Type	ID	Upload Date
Method used to produce products	Methods of Production_Final_03-26-19.pdf	pdf	5c9a65f19ff0081b4821e6f7	03/26/2019
Sample of unique identifying marks used for branding	Proposed Label_Final_03-26-19.pdf	pdf	5c9a665eb411c1126cf06dd1	03/26/2019
Prevention of diversion	Coil Brothers - Diversion Prevention.pdf	pdf	5c9a6697c4b7a71b66d16b94	03/26/2019
Storage of marijuana	Coil Brothers - Storage Procedures.pdf	pdf	5c9a687f293a5312448ed3c3	03/26/2019
Quality control and testing	Quality Control and Testing_Final_03-26-19.pdf	pdf	5c9a68cf1e71bd126232f5a9	03/26/2019
Dispensing procedures	Dispensing Clause_FINAL (1).pdf	pdf	5c9a68ededbb73122a61ac45	03/26/2019
Record Keeping procedures	Coil Brothers - Recordkeeping Procedures Summary.pdf	pdf	5c9a69229ff0081b4821e708	03/26/2019
Maintaining of financial records	Coil Brothers - Plan for Maintaining Financial Records.pdf	pdf	5c9a69365d4b0b1b3ebc428b	03/26/2019
Security plan	Security_1.pdf	pdf	5c9a6a52c4b7a71b66d16ba9	03/26/2019
Security plan	Security_2.pdf	pdf	5c9a6a6d293a5312448ed3ce	03/26/2019
Restricting Access to age 21 and older	Restricting Access to Age 21 and Over_Final Pending_03.26.19.pdf	pdf	5c9a8f8e293a5312448ed45f	03/26/2019
Transportation of marijuana	Transportation of Marijuana_03-02-20.pdf	pdf	5e5eb299f63398441bbbef79	03/03/2020
Inventory procedures	Inventory Procedures_03-02-20.pdf	pdf	5e5eb37b56474b469c110e4b	03/03/2020
Qualifications and training	Employee Qualifications and Training_03-01-20.pdf	pdf	5e5eb3cd73b705467fec9224	03/03/2020
Types of products Manufactured.	Types of Products Manufactured_03-03-20.pdf	pdf	5e5eb7afe25eb94410037c92	03/03/2020
Personnel policies including background checks	Personnel Policies_03-01-20.pdf	pdf	5e5eb8e5a290f94426bd8904	03/03/2020
Diversity plan	Diversity Plan_Rev.03-05-20.pdf	pdf	5e616ba249038b46abf1d180	03/05/2020

### ATTESTATIONS

I certify that no additional entities or individuals meeting the requirement set forth in 935 CMR 500.101(1)(b)(1) or 935 CMR 500.101(2)(c)(1) have been omitted by the applicant from any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.: I Agree

I understand that the regulations stated above require an applicant for licensure to list all executives, managers, persons or entities having direct or indirect authority over the management, policies, security operations or cultivation operations of the Marijuana Establishment; close

associates and members of the applicant, if any; and a list of all persons or entities contributing 10% or more of the initial capital to operate the Marijuana Establishment including capital that is in the form of land or buildings.: I Agree

I certify that any entities who are required to be listed by the regulations above do not include any omitted individuals, who by themselves, would be required to be listed individually in any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.:

I Agree

Notification: I Understand

I certify that any changes in ownership or control, location, or name will be made pursuant to a separate process, as required under 935 CMR 500.104(1), and none of those changes have occurred in this application.:

I certify that to the best knowledge of any of the individuals listed within this application, there are no background events that have arisen since the issuance of the establishment's final license that would raise suitability issues in accordance with 935 CMR 500.801.:

I certify that all information contained within this renewal application is complete and true.:

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### COMPLIANCE WITH POSITIVE IMPACT PLAN

No records found

#### COMPLIANCE WITH DIVERSITY PLAN

No records found

#### PRODUCT MANUFACTURER SPECIFIC REQUIREMENTS

No records found

#### HOURS OF OPERATION

Monday From: 10:00 AM	Monday To: 8:00 PM
Tuesday From: 10:00 AM	Tuesday To: 8:00 PM
Wednesday From: 10:00 AM	Wednesday To: 8:00 PM
Thursday From: 10:00 AM	Thursday To: 8:00 PM
Friday From: 10:00 AM	Friday To: 8:00 PM
Saturday From: 10:00 AM	Saturday To: 8:00 PM
Sunday From: 10:00 AM	Sunday To: 8:00 PM

## Community Outreach Meeting Attestation Form

The applicant must complete each section of this form and initial each page before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

I, Rory Fazendeiro, (insert name) attest as an authorized representative of Coil Brothers (insert name of applicant) that the applicant has complied with the requirements of 935 CMR 500 and the guidance for licensed applicants on community outreach, as detailed below.

1. The Community Outreach Meeting was held on September 11, 2018 (insert date).
2. A copy of a notice of the time, place, and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was published in a newspaper of general circulation in the city or town on August 31, 2018 (insert date), which was at least seven calendar days prior to the meeting. A copy of the newspaper notice is attached as Attachment A (please clearly label the newspaper notice in the upper right hand corner as Attachment A and upload it as part of this document).
3. A copy of the meeting notice was also filed on August 28, 2018 (insert date) with the city or town clerk, the planning board, the contracting authority for the municipality, and local licensing authority for the adult use of marijuana, if applicable. A copy of the municipal notice is attached as Attachment B (please clearly label the municipal notice in the upper right-hand corner as Attachment B and upload it as part of this document).
4. Notice of the time, place and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was mailed on August 31, 2018 (insert date), which was at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, and residents within 300 feet of the property line of the petitioner as they appear on the most recent applicable tax list, notwithstanding that the land of any such owner is located in another city or town. A copy of one of the notices sent to abutters and parties of interest as described in this section is attached as Attachment C (please clearly label the municipal notice in the upper right hand corner as Attachment C and upload it as part of this document; please only include a copy of one notice and please black out the name and the address of the addressee).

5. Information was presented at the community outreach meeting including:
  - a. The type(s) of Marijuana Establishment to be located at the proposed address;
  - b. Information adequate to demonstrate that the location will be maintained securely;
  - c. Steps to be taken by the Marijuana Establishment to prevent diversion to minors;
  - d. A plan by the Marijuana Establishment to positively impact the community; and
  - e. Information adequate to demonstrate that the location will not constitute a nuisance as defined by law.
  
6. Community members were permitted to ask questions and receive answers from representatives of the Marijuana Establishment.

# Community Outreach Public Meeting

Notice is hereby given that a community outreach meeting for a proposed cannabis establishment is scheduled for Tuesday, September 11, 2018, at 7:00 p.m. at the Harvard Town Hall.

The proposed cannabis extraction facility is anticipated to be located at 325 Ayer Road, #116, in Harvard. There will be an opportunity for the public to ask questions.

## Community Outreach Public Notice Template

The following template is provided to assist applicants seeking to be licensed as a Marijuana Establishment under 935 CMR 500.000, which establishes the regulatory requirements for adult use marijuana in the Commonwealth. This template is not legal advice. If you have questions regarding the legal requirements for licensure in the Commonwealth, you are encouraged to consult an attorney.

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for *(insert date)* at *(insert time)* at *(insert location)*. The proposed *(type(s) of Marijuana Establishment)* is anticipated to be located at *(insert address of proposed Marijuana Establishment)*. There will be an opportunity for the public to ask questions.

Attachment B

----- Forwarded message -----

From: Julie Doucet <[jdoucet@harvard.ma.us](mailto:jdoucet@harvard.ma.us)>  
Date: Tue, Aug 28, 2018 at 2:38 PM  
Subject: Re: Fwd: public notice ad  
To: <[mbrace@coilbros.com](mailto:mbrace@coilbros.com)>

To confirm I have placed notice on the website and on the community news calendar.

Julie Doucet  
Executive Assistant, Town of Harvard  
[13 Ayer Road, Harvard, Ma 01451](https://www.harvard.ma.us/13-Ayer-Road-Harvard-Ma-01451)  
[ph. 978-456-4100x312](tel:978-456-4100x312)  
fax 978-456-4107

Matthew Brace <[mbrace@coilbros.com](mailto:mbrace@coilbros.com)> on Tuesday, August 28, 2018 at 1:32 PM -0400 wrote:  
I think this should work Julie.

----- Forwarded message -----

From: Susan Robbins <[ads@harvardpress.net](mailto:ads@harvardpress.net)>  
Date: Mon, Aug 13, 2018 at 1:00 PM  
Subject: public notice ad  
To: <[mbrace@coilbros.com](mailto:mbrace@coilbros.com)>



Rory Fazendeiro &lt;rfazendeiro@coilbros.com&gt;

---

**Fwd: Reschedule of the Community Outreach Meeting (Marijuana)**

2 messages

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**Matthew Brace** <mbrace@coilbros.com>

Thu, Feb 14, 2019 at 4:19 PM

To: Rory Fazendeiro &lt;rfazendeiro@coilbros.com&gt;

And this.

----- Forwarded message -----

From: **Julie Doucet** <jdoucet@harvard.ma.us>

Date: Wed, Aug 29, 2018 at 10:10 AM

Subject: Reschedule of the Community Outreach Meeting (Marijuana)

To: Liz Allard &lt;lallard@harvard.ma.us&gt;, Marlene Kenney &lt;mkenney@harvard.ma.us&gt;, &lt;avonloesecke@gmail.com&gt;, &lt;karaminar@gmail.com&gt;, &lt;Lbwallace34@aol.com&gt;, &lt;sasklar@charter.net&gt;

CC: Tim Bragan &lt;tbragan@harvard.ma.us&gt;, Marie Sobalvarro &lt;msobalvarro@harvard.ma.us&gt;, &lt;mbrace@coilbros.com&gt;

Good Morning,

Attached is a notice we received this morning which will run in the Harvard Press this week advertising a Community Outreach Meeting. This meeting is required by the Cannabis Control Commission for applicants seeking to be licensed as a Marijuana Establishment. The date had to be changed as it was extremely hot in the upper meeting room last night.

Julie Doucet

Executive Assistant, Town of Harvard

13 Ayer Road, Harvard, Ma 01451

ph. 978-456-4100x312

fax 978-456-4107

----- Original Message -----

Message Wed, Aug 29, 2018 9:22 AM

From: Matthew Brace &lt;mbrace@coilbros.com&gt;

To: Julie Doucet

Subject: New Announcement

Attachments: Attach0.html Uploaded File 2K  
CoilBros-2018-08-31-1x4.pdf Uploaded File 59K

Hi Julie! Here is the new announcement. Please let me know that this is correct and appropriate notice for the Town Clerk ect. Thanks you so much for all your help. You've been very kind.

—  
Matthew Brace

Coil Brothers LLC  
Chief Operating Officer  
617-869-2809  
[Mattb@coilbros.com](mailto:Mattb@coilbros.com)  
[www.coilBros.com](http://www.coilBros.com)

---

 **Attach0.html**  
1K

---

**Matthew Brace** <mbrace@coilbros.com>  
To: Rory Fazendeiro <rfazendeiro@coilbros.com>

Thu, Feb 14, 2019 at 4:19 PM

With attachments.  
[Quoted text hidden]

---

**2 attachments**

 **Attach0.html**  
1K

 **CoilBros-2018-08-31-1x4.pdf**  
58K

# **Community Outreach Public Meeting**

Notice is hereby given that a community outreach meeting for a proposed cannabis establishment is scheduled for Tuesday, September 11, 2018, at 7:00 p.m. at the Harvard Town Hall.

The proposed cannabis extraction facility is anticipated to be located at 325 Ayer Road, #116, in Harvard. There will be an opportunity for the public to ask questions.

OFFICE OF THE  
**PLANNING BOARD**

13 AYER ROAD HARVARD, MA 01451 PHONE: 978-456-4100 www.harvard.ma.us



**NOVEMBER 19, 2018**

**HARVARD PLANNING BOARD  
NOTICE OF DECISION ON APPLICATION OF  
COIL BROTHERS, LLC  
FOR A SPECIAL PERMIT AND SITE PLAN APPROVAL FOR THE  
ESTABLISHMENT OF A CANNABIS OIL EXTRACTION FACILITY  
325 AYER ROAD  
HARVARD, MA 01451  
ASSESSORS MAP 1 – PARCEL 4  
WORCESTER REGISTRY OF DEEDS  
BOOK 21152 PAGE 16**

RECEIVED  
HARVARD TOWN CLERK  
2018 DEC 18 PM 2:53

**PROCEDURAL HISTORY**

- I. Application for the construction of a cannabis oil extraction facility (defined as a Marijuana Establishment as per §125-2, Definitions, of The Protective Bylaw, and more specifically, a marijuana product manufacturer, as per said definition, and as per the definition of Marijuana Product Manufacturer definition of 935 CMR: CANNABIS CONTROL COMMISSION, Section 500.002), for a Special Permit and Site Plan Review pursuant to Protective Bylaw §125-14, for the property located at 325 Ayer Road Suite A-116 was made by the above referenced applicant, who is the authorized agent of the property owner, listed as Nicholas Deane on the application and LTI Harvard Appleworks Limited Partnership in the plan sets.
  
- II. The following plans and documents were submitted in support of the application:
  - A. An application for a Special Permit and Site Plan Review with a Special Permit for a Marijuana Establishment pursuant to §125-14 of the Town of Harvard Protective Bylaw was received by the Harvard Town Clerk on August 13, 2018, including a cover letter from Patrick McCarty, P.E. of McCarty Engineering, Inc. (MEI) dated August 10, 2018 and the following:
    - 1) Corresponding fees paid via check 1019 dated August 8, 2018
    - 2) A document entitled "Responses to the Requirements of Section 125-14G of the By-Law"
    - 3) A document entitled "Standard Operating Procedures: Coil Brothers, LLC"
    - 4) An Abutters List Report from David Manzello, Regional Assessor, dated August 9, 2018.
    - 5) A 300-foot Abutters List Report dated August 9, 2018
    - 6) Assessors property card for 325 Ayer Road
    - 7) A GIS map from the Town of Harvard site showing the subject property and (presumably) a 300' setback plus properties within that setback.
    - 8) A space plan from R.W. Holmes Realty for 325 Ayer Road (Appleworks) for Unit A-116.
    - 9) A plan set dated August 10, 2018 entitled "Site Plan Review & Special Permit Plans, Coil Brothers Concentrates, 325 Ayer Road" prepared for applicant Coil Brothers Concentrates, LLC of 581 Tremont Street, Boston, MA 02118, by

McCarty Engineering, Inc., 42 Jungle Road, Leominster, MA 01453, containing five (5) sheets including cover sheet.

- B. Letter from Brian Marchetti, P.E. of McCarty Engineering, Inc. dated October 3, 2018, in regard to "Site Plan Review Submission, Coil Brothers Concentrates, 325 Ayer Road, Harvard, Massachusetts."
- C. A plan set dated August 10, 2018, Revised October 3, 2018 entitled "Site Plan Review & Special Permit Plans, Coil Brothers Concentrates, 325 Ayer Road" prepared for applicant Coil Brothers Concentrates, LLC of 581 Tremont Street, Boston, MA 02118, by McCarty Engineering, Inc., 42 Jungle Road, Leominster, MA 01453, containing five (5) sheets including cover sheet.
- D. A document entitled "Standard Operating Procedures: Coil Brothers, LLC, received October 15, 2018."
- E. A document entitled "Security and Surveillance Plan: Coil Brothers, LLC, received October 15, 2018."
- F. Document entitled "Report of the Director of Community and Economic Development – October 15, 2018" with comments from applicant.
- G. Letter from Patrick McCarty, P.E. of McCarty Engineering, Inc., dated October 15, 2018, in regard to "Responses to the Report of the Director of Community & Economic Development, Coil Brothers, LLC, 325 Ayer Road, Harvard, Massachusetts."
- H. Letter from Patrick McCarty, P.E. of McCarty Engineering, Inc., dated October 25, 2018, in regard to "Responses to the Report of the Director of Community & Economic Development, Coil Brothers, LLC, 325 Ayer Road, Harvard, Massachusetts."
- I. Letter from Patrick McCarty, P.E. of McCarty Engineering, Inc., dated October 25, 2018 in regard to "Site Plan Review & Special Permit Application, Revised/Supplemental Information, Coil Brothers, LLC, 325 Ayer Road, Harvard, Massachusetts."
- J. Letter from Patrick McCarty, P.E. of McCarty Engineering, Inc., dated October 25, 2018 in regard to "Site Plan Review Submission, Coil Brothers, LLC, 325 Ayer Road, Harvard, Massachusetts."
- K. A plan set dated August 10, 2018, Revised October 25, 2018 entitled "Site Plan Review & Special Permit Plans, Coil Brothers Concentrates, 325 Ayer Road" prepared for applicant Coil Brothers Concentrates, LLC of 581 Tremont Street, Boston, MA 02118, by McCarty Engineering, Inc., 42 Jungle Road, Leominster, MA 01453, containing five (5) sheets including cover sheet.
- L. A document entitled "Standard Operating Procedures: Coil Brothers, LLC, received October 25, 2018."
- M. A document entitled "Security and Surveillance Plan: Coil Brothers, LLC, received October 25, 2018."

III. The following additional documents were provided to the Planning Board in regard to the application:

- A. Memorandum from the Harvard Building Commissioner, in regard to Special Permit & Site Plan Review – Coil Brothers, LLC, 325 Ayer Road, dated August 15, 2018.
- B. Letter from Andrew Perry, Lieutenant/Fire Prevention, Harvard Fire Department, in regard to Coil Brothers Extraction Facility – 325 Ayer Road, dated September 10, 2018.
- C. Letter from Fred A. Hamwey Jr., P.E. of Hamwey Engineering, Inc., dated September 19, 2018 in regard to “Coil Brothers Concentrates, 325 Ayer Road, Harvard, MA (HEI File no. 18006.00)”
- D. Letter from Fred A. Hamwey Jr., P.E. of Hamwey Engineering, Inc., dated October 9, 2018 in regard to “Coil Brothers Concentrates, 325 Ayer Road, Harvard, MA (HEI File no. 18006.00)”
- E. Document entitled “Report of the Director of Community and Economic Development – October 15, 2018.”
- F. Letter from Fred A. Hamwey Jr., P.E. of Hamwey Engineering, Inc., dated October 29, 2018 in regard to “Coil Brothers Concentrates, 325 Ayer Road, Harvard, MA (HEI File no. 18006.00)”
- G. Memorandum from Town of Harvard Chief of Police Edward D. Denmark dated October 29, 2018, in regard to “Coil Brothers, LLC Security Plan.”
- H. Document entitled “Director’s Report – October 29, 2018.”
- I. Document entitled “Report of the Director of Community and Economic Development – November 19, 2018.”
- J. Certification Pursuant to M.G.L. Chapter 39, §23D(a) for Board member Fran Nickerson dated October 29, 2018.
- K. Certification Pursuant to M.G.L. Chapter 39, §23D(a) for Associate Board member R.J. Rushmore dated October 29, 2018.

#### IV. Public Input

At public hearing sessions held on October 15, October 29, and November 19, the representatives of the applicant attended including Matthew Brace, Matt Zipoli, Carolyn Burek (not at the 10/15 meeting), John Goll, Rory Frazendeiro, and Patrick McCarty and answered questions posed by the public and the Board. Nick Deane (Appleworks) also attended the October 15 hearing.

Members of the public attending public hearings included Fred Prifty, Aneta Arakelian, Seth Arakelian, Theresa Hoggins, Ken Hoggins, Lucas Thayer, Gerald Benitz, Lisa Engler, Will Engler, and Bill Medeiros.

At the October 29 hearing, Will Engler asked about the Board issuing a Special Permit before Cannabis Control Commission (CCC) licensure whereby Chair McBee explained the process.

At the October 29 hearing, Theresa Hoggins asked about the plan for expansion and adding employees. Applicant explained that four was expected to be a limit at this location. Ms. Hoggins asked the Board to condition that there will be no more employees.

At the October 29 hearing, Lisa Engler asked about the security plan and monitoring. Applicant noted that that they did not want details of the plan to be public but that it would include outdoor lighting and security cameras. Police Chief Denmark said that the final review of the security plan will be conducted by him according to CCC guidelines.

At the October 29 hearing, the applicant was asked what products the company will be making. The response was cannabis oil for medicinal and recreational products.

At the October 29 hearing, Theresa Hoggins asked about home delivery of their products. The applicant responded that the CCC does not permit home delivery of manufacturing use products.

At the November 19 hearing, Will Engler asked how many employees have been trained on the equipment. Applicant answered that “Carolyn” has been trained.

Will Engler asked about waste management. The applicant explained that they would be producing two types of waste—the waste plant material would be locked in a dumpster and mixed with 50/50 material such as compost.

V. Legal Notices: Advertised and Letters to Abutters

- A. An Affidavit of Mailing to Abutters dated September 20, 2018 was endorsed by the Town Clerk on the same date.
- B. A Legal Notice advertising the public hearing to be held on October 15, 2018 on the Special Permit for the construction of a cannabis oil extraction facility appeared in “The Harvard Press” on September 28, 2018 and October 5, 2018.
- C. A public hearing, after proper notice was given, was opened on October 15, 2018; continued on October 29, 2018; and closed on November 19, 2018.

**BACKGROUND AND FINDINGS**

The Harvard Planning Board reviewed the application, the plan sets, and all other materials and information submitted prior to the close of the public hearing. The Board received and gave due consideration to the testimony given at the public hearing.

I. General

- A. The subject property is a 4.7-acre parcel within a Commercial (C) zoning district and the land use is commercial and light industrial with an existing 77,995 square feet (s.f.) building.
- B. The following zoning tables provides conformance with zoning dimensional criteria:

Requirement	Required	Provided	Conformance
Minimum Lot Area	1.50 acres	4.74 acres	Y
Floor Area Ratio (FAR)	10% or 8000 s.f.	37%	N*
Lot Frontage	180'	389.9'	Y
Lot Width	200'	397.7'	Y
Minimum Side Yard	20'	3.9'	N*
Minimum Rear Yard	20'	169.8'	Y
Minimum Front Yard	20'	40.9'	Y

Maximum Height	35'/3 stories	<35'/<3 St.	Y
Tenant Space (Unit A-116)	NA	3,600 s.f.	NA
Required Parking	No Specification	2 dedicated	NA
Loading Area	Required	Yes	Yes

Both FAR and Minimum Side Yard dimensions are pre-existing non-conformities and use will not be increasing these non-conformities nor creating any other non-conformity.

II. Special Permit Criteria

- A. A Marijuana Establishment shall not be sited within a radius of 500 feet of a public or private school, daycare center, or any facility in which children commonly congregate. The 500-foot distance shall be measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed Marijuana Establishment;

*Plan sheet 3 depicts compliance with this provision. GIS analysis and site visit indicates compliance.*

- B. The Planning Board shall not approve a special permit for more than one (1) marijuana establishment;

*Acknowledged by the applicant in August 10 application supplement entitled "Responses to the Requirements of Section 125-14G of the By-Law" hereinafter referred to as "Responses"*

- C. The total square footage of a Marijuana Establishment shall not exceed six thousand (6,000) square feet, of which not more than one thousand five hundred (1,500) square feet shall be retail floor sales space; all activity shall be contained within a permanent building;

*The Responses document notes that the proposed space (Suite A-116 of 325 Ayer Road) contains 3,600 square feet of useable space and no retail space, which is compliant.*

- D. The site plan shall show all exterior proposed security measures for the premises, including, but not limited to lighting, fencing, gates, and alarms, ensuring the safety of employees and patrons and to protect the premises from theft or other criminal activity;

*The site plan only shows lighting and security cameras, not fencing, alarms, or gates. Applicant provided a Security and Surveillance Plan ("Plan") for the proposed facility attached to their October 25, 2018 Responses document. This was reviewed by the Chief of Police, who indicated in his letter dated October 29, 2018, that he will continue to work with the applicant to ensure that the Plan will be sufficient but that some provisions of the Plan are confidential in order to be effective.*

- E. Hours of operation shall be between 10:00 AM and 8:00 PM seven days per week;

*Applicant requested consideration of an 8:00 am opening time "as the proposed operation is 'manufacturing' in nature and the extraction machine has set cycle times which require the 12 working hours requested."*

- F. Prior to obtaining a certificate of occupancy or operation, an applicant shall possess a license from the Cannabis Control Commission to operate a Marijuana Establishment and

comply with the Commission's regulations at all times; and have negotiated and entered into a host community agreement with the Board of Selectmen;

*Applicant notes their willingness to obtain both Cannabis Control Commission (CCC) licensing and Host Community Agreement (HCA) with the Board of Selectmen (Select Board, as per the Charter of the Town of Harvard, Massachusetts) as a condition of a special permit.*

- G. No building or parking area of a Marijuana Establishment shall be located within two hundred feet (200') of an Agricultural Residential district;

*Plan sheet 3 depicts compliance with this provision. GIS analysis and site visit indicates compliance.*

- H. Signs advertising brands of marijuana products shall not be visible from a public way and shall comply with §125-41 Signs;

*The applicant notes in Responses that they are intending to place a sign outside of their suite with the business name that is compliant with §125-41.*

- I. The applicant shall negotiate a host community agreement and impact fee with the Board of Selectmen prior to opening; and as part of the site plan review, applicant must get approval of the security plan from the Chief of Police; and

*Applicant has expressed willingness to negotiate an HCA with the Select Board and has begun this process. The applicant has also shared their security plan with the Chief of Police and has expressed willingness to abide by the Chief's requirements for such a plan. The Planning Board has deferred inclusion of specific security plan criteria to the authority of the Chief of Police.*

- J. A special permit is granted exclusively to the applicant and may not be transferred.

*The applicant acknowledges this criterion.*

### III. Site Plan Review Criteria

Hamwey Engineering, Inc. (HEI), Consultant for the Town of Harvard, conducted an initial review of the application and plans dated September 19, 2018 and a follow up review of the revised plans dated October 9, 2018. McCarty Engineering, Inc. (MEI) conducted the engineering for the applicant.

#### A. Site Plan Content

- 1) Lot boundaries and buildings provided in sufficient detail to assess conformance with Protective Bylaw.

a) *HEI noted that the scaled/measured property lines are longer than the distance labeled on the plan. MEI notes plan reprinted at correct scale.*

b) *HEI noted incorrect building setbacks. MEI revised plan accordingly.*

c) *HEI noted that the zoning summary table should be revised to show correct yard setbacks and the provided dimensions for each category. MEI noted that the table was revised.*

- d) *HEI noted that as per dimensions provided that the existing building is non-conforming as per FAR and side yard setback. MEI acknowledges, noted the 2004 variance, and that the non-conformities would not be increased.*
- 2) Parking, loading, maneuvering, storage, and service areas or uses, walkways, driveways, lighting, green areas, and visual screening conformity as follows:

*See Section B. below.*

**B. Site Standards**

**1) Parking and Loading**

- a) *HEI initially noted that 90 existing spaces indicated on plan but two spaces appear undersized and two others require the crossing of a sidewalk for access and that the plan should only show 86 spaces. MEI revised the plans accordingly after second review. MEI also noted that two undersized spaces will be reconstructed to proper size.*
- b) *HEI inquired as to whether the Coil Bros. parking spaces will be signed and MEI noted that they would not.*
- c) *HEI noted that the loading area scales smaller than plan dimension and requires crossing a sidewalk. MEI noted that loading area was changed and noted on latest plan set. Front staging area for loading satisfies the provisions of §125-39(A)(5).*
- d) *HEI asked if parking calculations should be submitted to show if there is adequate parking for various uses of building. MEI responded that it was the Board's discretion to request that information. A later response noted the variance granted for the building in 2004 that included parking.*
- e) *Two dedicated spaces have been identified on the plan in the front of the building. Additional parking spaces will be shared with other tenants on site.*

**2) Standards for Driveways**

- a) *HEI noted that a large amount of curb had been removed from the site adjacent to the parking along Ayer Road, including the two parking spaces indicated for Coil Bros. This curbing must be installed. MEI noted that the curbing had been replaced.*
- b) *Details for pavement and sidewalk needed to be noted as per HEI. MEI notes details were added.*

**3) Open Areas – No additional open spaces proposed.**

**4) Screening – No additional screening proposed.**

- 5) Fire Protection – The Fire Department requested that the applicant comply with NFPA1, Chapter 38, 2018 Edition (Marijuana Growing, Processing, or Extraction Facilities) and Monitored CO2 Detection.
- 6) Drainage
  - a) *HEI notes that existing downspouts outflow to grade flowing across proposed sidewalk. MEI noted on Page 4 of plan set that issue was addressed.*
- 7) Lighting
  - a) *Related to security, HEI noted that only security lighting and cameras were proposed and not fencing or gates. MEI acknowledged this. Supplementary lighting provided on approved plan.*
- 8) Signs
  - a) *The applicant provided a sign design in their October 15, 2018 submission.*

#### **CONDITIONS AND LIMITATIONS ON EXERCISE OF SPECIAL PERMIT AND SITE PLAN APPROVAL**

The following Conditions and Limitations shall run with the land and may be modified only pursuant to a Special Permit Application, unless they are determined to be minor and meet the following requirements, in which event they may be altered only by written and recorded consent of four (4) of five (5) members of the Planning Board, upon a vote taken at an open meeting, and only if:

- a. The change is consistent with the Findings above.
- b. The change does not reduce a requirement of the Bylaw of the Town of Harvard.
- c. The change does not prejudice the interests of anyone entitled to notice of the public hearing on the Special Permit.

##### **I. Standard Conditions**

- A. The Planning Board notes that site plan approval by the Planning Board does not imply an endorsement or belief by the Planning Board in the Coil Brothers LLC business plan or its ability to meet the commitments outlined in a community host agreement.
- B. This Special Permit shall lapse no later than November 19, 2021, but shall not include such time required to pursue or await the determination of an appeal referenced to in M.G.L. Chapter 40A, §17, if substantial use of the Special Permit has not sooner commenced except for good cause or, in the case of a permit for construction, if construction has not begun by such date except for good cause.
- C. The revised site plan accompanying this Special Permit application, dated October 25, 2018, shall be incorporated into this decision and shall be a standard condition of this approval.
- D. The granting of this Special Permit and site plan approval, and the project which is the subject of the Special Permit and accompanying site plan, including all construction and subsequent operations, is predicated on the applicant complying fully with all provisions of

the Town of Harvard Protective Bylaw, the Town of Harvard Codified Bylaws, and Massachusetts General Law, as applicable.

- E. The applicant shall be responsible for acquiring and complying with all other local, state, or federal permits and approvals as necessary to construct and operate the project as approved by the Board.
- F. This Decision and accompanying site plan, dated October 25, 2018, shall be recorded by the applicant at the Worcester County Registry of Deeds. A copy of the recorded Decision and site plan shall be submitted to the Planning Board prior to commencing construction.
- G. The applicant shall provide to the Planning Board, Building Inspector, and Fire Chief, a detailed construction schedule identifying the sequence and timetable of all key components of the proposed construction activity.
- H. Duly authorized agents of the Town shall have the right to enter upon the Property to ensure continued compliance with the terms and conditions of this Special Permit.
- I. This decision allows the proposed improvements and activities in the location shown on the approved site plan. No alterations, changes to the approved improvements, other additional uses or additional improvements shall be allowed without further review and approval by the Planning Board in the form of a modification to the Special Permit.

## II. Special Conditions

- A. There shall be no marijuana consumption to be allowed on site.
- B. There shall be no deliveries of product from the site to any Harvard address.
- C. That hours of operation be limited to 8am to 8pm, seven days a week.
- D. That a security plan as required by State statute, be found acceptable in final form by the Harvard Chief of Police.
- E. That the applicant executes a Host Community Agreement (HCA) with the Town of Harvard and an associated Impact Fee. Both HCA and Impact Fee must be adhered to by the applicant throughout the term of the Special Permit.
- F. That the applicant obtains a license from the Cannabis Control Commission (CCC) and provide a certified copy of said license to the Town Clerk and the Planning Board.
- G. Under no circumstance will retail sales be permitted at this location by this company at this location.
- H. Any deviance from standard or special conditions of this Special Permit, Host Community Agreement, or CCC regulations, may be grounds to invalidate the Special Permit.

## **ACTION OF THE PLANNING BOARD - DECISION**

After reviewing the Application, plans, and other materials and information submitted, the comments by the Town's consulting engineer, comments by the Director of Community and Economic Development, comments by other Town officials, responses by the applicants consulting engineer, testimony given at the public hearing, the Board made the above-referenced findings of fact and, based on those findings, the Board hereby decides that the Property is suitable for a Marijuana Establishment pursuant to §125-14 of the Town of Harvard Protective Bylaw and that all the required criteria for a Marijuana Establishment

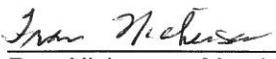
Special Permit have been met pursuant to §§125-1, 125-2, 125-14, 125-38, 125-39, and 125-46 of the Town of Harvard Protective Bylaw in accordance with the terms and conditions stated above.

Therefore, on **November 19, 2018** by a VOTE of Five (5) to Five (5) of the Planning Board eligible to vote, the Special Permit for a Marijuana Establishment at 325 Ayer Road is **GRANTED** subject to the Conditions and Limitations contained herein;

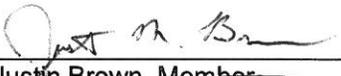
By a VOTE of Five (5) to Five (5) of the Planning Board eligible to vote, the application for Site Plan Review, based on the application packet and the plan set dated October 25, 2018, is **APPROVED** subject to the Conditions and Limitations contained herein;

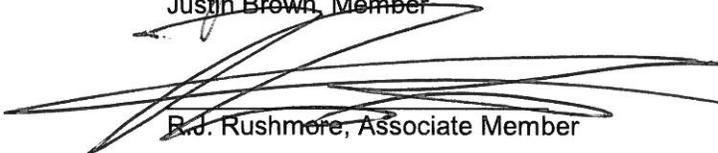
**Appeals may be made pursuant to Massachusetts General Law and the Code of the Town of Harvard, Protective Bylaw, Section 125-48 and shall be filed within sixty (20) days after the date this decision is filed with the Town Clerk.**

  
\_\_\_\_\_  
Erin McBee, Chair

  
\_\_\_\_\_  
Fran Nickerson, Member

  
\_\_\_\_\_  
Stacia Donahue, Member

  
\_\_\_\_\_  
Justin Brown, Member

  
\_\_\_\_\_  
B.J. Rushmore, Associate Member

**TO WHOM IT MAY CONCERN:**

I, hereby certify the twenty (20) day appeal period on this decision has expired, and no appeals have been filed with this office.

\_\_\_\_\_  
Marlene Kenney, Town Clerk

\_\_\_\_\_  
Date

## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

### Applicant

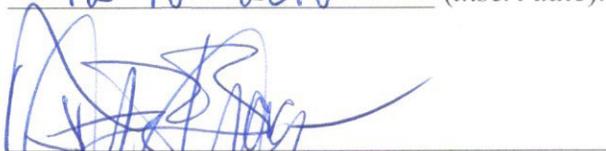
I, MATTHEW BRACE, (*insert name*) certify as an authorized representative of COIL BROTHERS, LLC (*insert name of applicant*) that the applicant has executed a host community agreement with TOWN OF HARVARD (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on 12-18-2018 (*insert date*).



Signature of Authorized Representative of Applicant

### Host Community

I, Timothy P. Bragan, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for Town of Harvard (*insert name of host community*) to certify that the applicant and Town of Harvard (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 12-18-2018 (*insert date*).



Signature of Contracting Authority or  
Authorized Representative of Host Community

*Please note, this plan was not a part of Coil Brothers' original application. It has been added as requested by the Commission (Request for Information #2, Packet 1, #7).*

## **PLAN TO REMAIN COMPLIANT WITH LOCAL ZONING**

### **Coil Brothers**

#### Introduction

Coil Brothers strives to become a responsible and favorably viewed business operating in the Town of Harvard. As part of this commitment, Coil Brothers has proactively held several meetings attended by city officials, owners of neighboring businesses, and community members to address concerns and answer questions regarding Coil Brothers' presence in the community. As a result, Coil Brothers entered a Host Community Agreement with the Town of Harvard on December 18, 2018 and has been issued a special permit by Harvard's Planning Board.

Coil Brothers' intention is to form strong, collaborative relationships with city officials and has thus far been successful in doing so. Harvard Chief of Police Edward Denmark has agreed to serve on Coil Brothers' Advisory Board as the Security and Law Enforcement Advisor; his role and background are explained in greater detail in the *Employee Qualifications and Training* section of this Application. Harvard Town Administrator Timothy Bragan certified via this application's *Host Community Agreement Certification Form* that Harvard executed a host community agreement with Coil Brothers pursuant to G.L.c.94G§3(d).

Coil Brothers has reviewed the town's local ordinances in detail and has developed a *Plan to Remain Compliant with Local Zoning*, which explains the specific steps Coil Brothers will take or has already taken to maintain strict compliance with local ordinances and bylaws of the municipality. Coil Brothers will ensure all its owners, agents, partners, and contracted service providers are aware of this Plan so they may contribute to the company's ongoing efforts to facilitate a favorable image and reputation within the community.

#### Town of Harvard Local Ordinances

Coil Brothers plans to operate in strict compliance with Protective Zoning Bylaw §125-14, Large-Scale Commercial Use, Marijuana Establishments. Coil Brothers obtained a special permit, authorized by Harvard's Planning Board, to operate in Harvard's Commercial district and will operate in adherence to §125-14 G.(1-10), as described below.

Coil Brothers' Marijuana Product Manufacturing facility will be located at 325 Ayer Road, Unit #116, Harvard, Massachusetts. This location is not within five hundred (500) feet of a public/private K-12 school, per 935 CMR 500.101(1) and M.G.L. c. 94G § 5. Additionally, this

*Please note, this plan was not a part of Coil Brothers' original application. It has been added as requested by the Commission (Request for Information #2, Packet 1, #7).*

location is not sited within a radius of five hundred (500) feet of a daycare center, or any facility in which children commonly congregate, per §125-14 G.(7). Below is a list of local daycare centers and K–12 schools with their approximate distance from the facility—none appear less than .9 miles or 4,768 feet from the facility:

- Art Loft Child Care (0.90 mi, 1.45 km, 4768 ft)
- Ayer Community School (1.38 mi, 2.23 km, 7304 ft)
- The Village Nursery School (1.59 mi, 2.56 km, 8387 ft)
- Ayer Kiddie Depot (1.60 mi, 2.58 km, 8451 ft)
- Page Hilltop Elementary School (1.60 mi, 2.58 km, 8474 ft)
- Ayer Child Care Program (1.60 mi, 2.58 km, 8474 ft)
- Francis Parker Charter School (1.61 mi, 2.59 km, 8562 ft)
- Evergreen Garden Play School (1.64 mi, 2.64 km, 8663 ft)
- Ayer Shirley Regional High School (1.71 mi, 2.75 km, 9028 ft)
- Seven Hills Academy (2.42 mi, 3.9 km, 12787 ft)
- Guild of St. Agnes Day Care (2.60 mi, 4.19 km, 13748 ft)
- The Broomfield School (3.11 mil, 5 km, 16406 ft)
- Children's Center at Groton (3.23 mi, 5.2 km, 17069 ft)
- Ayer Shirley Regional Middle School (3.26 mi, 5.25 km, 17215 ft)
- FLLAC Collaborative (3.51 mi, 5.65 km, 18529 ft)
- Groton School (3.56 mi, 5.73 km, 18807 ft)
- Back to Nature Learning Space (3.89 mi, 6.26 km, 20524 ft)
- Lura A White School (4.21 mi, 6.78 km, 22251 ft)
- Hildreth Elementary School (4.5 mi, 7.24 km, 23740 ft)
- Bridges After School Program (Located at Hildreth Elementary School (4.5 mi, 7.24 km, 23740 ft)
- Immaculate Heart of Mary School (4.78 mi, 7.7 km, 25248 ft)
- The Learning Experience (5.02 mi, 8.08 km, 26501 ft)
- Murphy's After School Care (5.36 mi, 8.62 km, 28275 ft)
- Acorn Child Care Center (5.61 mi, 9.03 km, 29616 ft)
- Tracy's Tiny Tots Daycare (6.90 mi, 11.11 km, 36447 ft)

*Please note, this plan was not a part of Coil Brothers' original application. It has been added as requested by the Commission (Request for Information #2, Packet 1, #7).*

- Applewild School (12.35 mi, 19.88 km, 65225 ft)
- Center Elementary School (12.44 mi, 20 km, 65684 ft)

Coil Brothers has also ensured its building and parking area is not located within two hundred (200) feet of an Agricultural Residential district. Coil Brothers prepared a Zoning Conformance Plan, a requirement to obtain a special permit, and it was confirmed that all land within 200 feet of the facility is zoned Commercial. The closest Agricultural Residential land is approximately 480 feet from the facility site.

The Harvard Planning Board has approved a special permit for only one marijuana establishment, Coil Brothers, per §125-14 G.(2). Coil Brothers' facility is 3,200 square feet, well below the requirement set forth in §125-14 G.(3) which states the total square footage of a marijuana establishment shall not exceed 6,000 square feet. Zero square feet of Coil Brothers' facility will be devoted to retail floor space, as the license Coil Brothers is pursuing is a Marijuana Product Manufacturer license, not a Retail Marijuana Dispensary license (§125-14 G.(3)). Additionally, all activity will be contained within the permanent building (§125-14 G.(3)).

Coil Brothers' site plan shows all exterior proposed security measures for the premises including lighting, fencing, gates, and alarms. Much attention has gone into developing a site plan that ensures the safety of employees and visitors while also protecting the premises from theft and criminal activity (§125-14 G.(4)). Coil Brothers has held several meetings with local police and fire department personnel to promote the highest degree of safety and security. As Coil Brothers' Security and Law Enforcement Advisor, Chief Denmark will serve a critical advisory role. Coil Brothers plans to implement additional safety and security measures recommended by Chief Denmark, or recommendations brought forward by other law enforcement personnel or city officials, to promote the upmost site security.

Coil Brothers has defined its operating hours as Monday through Sunday, 10 a.m. to 8 p.m. No manufacturing activity will take place outside of these hours, per §125-14 G.(5).

Coil Brothers is seeking to obtain a Marijuana Product Manufacturer license from the Cannabis Control Commission ("Commission") and will not obtain a certificate of occupancy or commence operations without first obtaining this license, per §125-14 G.(6). Coil Brothers is committed to complying with the Commission's regulations at all times. Additionally, Coil Brothers has negotiated a Host Community Agreement with the Board of Selectmen (§125-14 G.(6)).

*Please note, this plan was not a part of Coil Brothers' original application. It has been added as requested by the Commission (Request for Information #2, Packet 1, #7).*

Coil Brothers will ensure that all signs advertising its brand and products are not visible from public view and will comply with § 125-41 Signs. Coil Brothers will adhere to the requirements set forth in 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices. Any case in which more than one regulation, bylaw, or ordinance addresses a single topic, such as with regards to marketing, advertising, and signage, Coil Brothers will comply with the strictest rule, thereby satisfying all applicable rules. More information regarding Coil Brothers' advertising, branding, and marketing practices are explained in greater detail in the *Proposed Label* section of this application.

In accordance with §125-14 G.(9) and M.G.L. c.94G, 3§(d), Coil Brothers negotiated and entered a Host Community Agreement with the Town of Harvard on December 18, 2018 and has agreed to pay an impact fee to the Board of Selectmen; all funds will be used at the Town of Harvard's full discretion. Additionally, as part of the site plan review process, Coil Brothers received approval of the company Security Plan from Chief Denmark on October 29, 2018 (§125-14 G.(9)).

Per §125-14 G.(10), Coil Brothers acknowledges and understands that the special permit granted by the Town of Harvard is exclusive to Coil Brothers and may not be transferred.

### Summary

As described in this section and other sections that compose this application for licensure, one of Coil Brothers' priorities is to become a valuable, contributing, engaged, and compliant business member in the Town of Harvard. As evidenced by a thorough understanding of the applicable rules and regulations set forth by the Town and Commission, Coil Brothers is committed to operating a fully compliant business. By engaging Harvard city officials and residents, including Timothy Bragan and Chief Denmark, Coil Brothers will be well-positioned to foster a collaborative partnership with the town that ultimately results in positive contributions to the community.

**§125-14 Large-scale Commercial Use, by replacing Medical Marijuana Medical Treatment Centers with Marijuana Establishments [Amended 05-05-2018 ATM by Art. 33]**

- G. Marijuana Establishment: In the C district, a Marijuana Establishment may be allowed by special permit (see §125-46, Special Permits) authorized by the Planning Board if in compliance with site plan standards and design review in §125-38 provided that:
- (1) A Marijuana Establishment shall not be sited within a radius of 500 feet of a public or private school, daycare center, or any facility in which children commonly congregate. The 500-foot distance shall be measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed Marijuana Establishment.
  - (2) The Planning Board shall not approve a special permit for more than one (1) marijuana establishment.
  - (3) The total square footage of a Marijuana Establishment shall not exceed six thousand (6,000) square feet, of which not more than one thousand five hundred (1,500) square feet shall be retail floor sales space; all activity shall be contained within a permanent building;
  - (4) The site plan shall show all exterior proposed security measures for the premises, including, but not limited to lighting, fencing, gates and alarms, ensuring the safety of employees and patrons and to protect the premises from theft or other criminal activity;
  - (5) Hours of operation shall be between 10:00 AM and 8:00 PM seven days per week;
  - (6) Prior to obtaining a certificate of occupancy or operation, an applicant shall possess a license from the Cannabis Control Commission to operate a Marijuana Establishment and comply with the Commission's regulations at all times; and have negotiated and entered into a host community agreement with the Board of Selectmen;
  - (7) No building or parking area of a Marijuana Establishment shall be located within two hundred feet (200') of an Agricultural Residential district;
  - (8) Signs advertising brands of marijuana products shall not be visible from a public way and shall comply with § 125-41 Signs;
  - (9) The applicant shall negotiate a host community agreement and impact fee with the Board of Selectmen prior to opening; and as part of the site plan review, applicant must get approval of the security plan from the Chief of Police; and
  - (10) A special permit is granted exclusively to the applicant and may not be transferred.

To: Town of Harvard Planning Board

From: Chief Edward D. Denmark

Re: Coil Brothers, LLC Security Plan

Date: October 29, 2018

---

I have reviewed the preliminary security and surveillance plan submitted by Coil Brothers, LLC associated with their proposed cannabis oil extraction facility to be located at 325 Ayer Road, Suite A-116. The plan appears to satisfy the safety and security requirements outlined in 935 CMR 500.110, however, a review of the final standard operating procedures and final inspection of surveillance systems should stand as a requirement for final permitting subject to the approval of the Harvard Chief of Police, or designee.

I would ask that the Planning Board not require Coil Brothers, LLC to provide written copies of standard operating procedures for security and surveillance for review, as this would render those procedures public documents. As you can imagine, I have legitimate concerns for the safety of all involved if security plans and procedures are publicly accessible. All security systems, SOP's, and records should be accessible for inspection at any time to ensure compliance.

I have taken a tour of the proposed facility and have agreed to offer my input regarding final placement of security cameras and other security measures deemed necessary for compliance with 935 CMR 500.110. Thus far, I am satisfied with the preliminary security plans as written.

Respectfully,

*Chief Edward D. Denmark*

Chief Edward D. Denmark

OFFICE OF THE  
**PLANNING BOARD**

13 AYER ROAD HARVARD, MA 01451 978-456-4100 EXT.321 www.harvard.ma.us



August 15, 2018

## LEGAL NOTICE

The Harvard Planning Board will conduct a public hearing on **MONDAY, OCTOBER 15, 2018** at 7:30pm in the Town Hall Meeting Room, 13 Ayer Road, Harvard to consider the Application of

### COIL BROTHERS, LLC

for a Special Permit as required by M.G.L Chapter 40A, and the "Code of the Town of Harvard" as amended, the Protective Bylaw Chapter 125-14G and 125-46, for the construction of a cannabis oil extraction facility at 325 Ayer Road, Suite A-116, Harvard, Massachusetts.

A copy of the Application may be reviewed in the Land Use Office or the Town Clerks Office during normal business hours.

Persons wishing to be heard on these matters should appear at the designated time and place.

Erin McBee, Chair  
Harvard Planning Board

(Legal notice to be published in "The Harvard Press" on September 28 and October 5, 2018)

Cc: Harvard Press  
Board of Selectmen  
Town Clerk  
Building Commissioner  
Conservation Commission  
Board of Health  
Fire Department  
Police Department  
Highway Department  
Applicant  
Representative  
Property Owner  
Property Abutter  
Abutting Town  
File

AF 9/20/18

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- **Print your name and address on the reverse** so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:



9590 9402 1688 6053 2192 43

Article Number (Transfer from service label)

7009 3410 0002 0280 9665

PS Form 3811, July 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature 

Agent  Addressee

B. Received by (Printed Name) 9-4

C. Date of Delivery 9-4

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No



3. Service Type  10
- Priority Mail Express®
  - Registered Mail™
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Return Receipt for Merchandise
  - Collect on Delivery Restricted Delivery
  - Signature Confirmation™
  - Insured Mail
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

Domestic Return Receipt

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- **Print your name and address on the reverse** so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

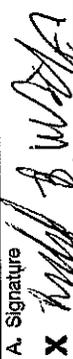


9590 9402 1688 6053 2192 81

Article Number (Transfer from service label)

7009 3410 0002 0280 9672

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature 

Agent  Addressee

B. Received by (Printed Name)

C. Date of Delivery 9-4

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

3. Service Type
- Priority Mail Express®
  - Registered Mail™
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Return Receipt for Merchandise
  - Collect on Delivery Restricted Delivery
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

2. Article Number (Transfer from service label)  
7009 3410 0002 0280 9634

3. Service Type

Priority Mail Express®  
 Adult Signature Restricted Delivery  
 Registered Mail™  
 Certified Mail®  
 Return Receipt for Merchandise  
 Collect on Delivery  
 Signature Confirmation™  
 Restricted Delivery

Domestic Return Receipt  
 PS Form 3811, July 2015 PSN 7530-02-000-9053

**SENDER: COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Agent  
 Addressee

B. Received by (Printed Name)  
 C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

Priority Mail Express®  
 Adult Signature Restricted Delivery  
 Registered Mail™  
 Certified Mail®  
 Return Receipt for Merchandise  
 Collect on Delivery  
 Signature Confirmation™  
 Restricted Delivery

1. Article Addressed to:

2. Article Number (Transfer from service label)  
7012 3050 0000 7249 9481

Domestic Return Receipt  
 PS Form 3811, July 2015 PSN 7530-02-000-9053

**SENDER: COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Agent  
 Addressee

B. Received by (Printed Name)  
 C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

Priority Mail Express®  
 Adult Signature Restricted Delivery  
 Registered Mail™  
 Certified Mail®  
 Return Receipt for Merchandise  
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Domestic Return Receipt  
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A. Signature  
 Agent  
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B. Received by (Printed Name)  
 C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

Priority Mail Express®  
 Adult Signature Restricted Delivery  
 Registered Mail™  
 Certified Mail®  
 Return Receipt for Merchandise  
 Collect on Delivery  
 Signature Confirmation™  
 Restricted Delivery

1. Article Addressed to:

2. Article Number (Transfer from service label)  
7009 3410 0002 0280 9689

Domestic Return Receipt  
 PS Form 3811, July 2015 PSN 7530-02-000-9053

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

2. Article Number (Transfer from service label)  
7009 3410 0002 0280 9641

3. Service Type

Priority Mail Express®  
 Adult Signature Restricted Delivery  
 Registered Mail™  
 Certified Mail®  
 Return Receipt for Merchandise  
 Collect on Delivery  
 Signature Confirmation™  
 Restricted Delivery

Domestic Return Receipt  
 PS Form 3811, July 2015 PSN 7530-02-000-9053

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 Collect on Delivery  
 Signature Confirmation™  
 Restricted Delivery

Domestic Return Receipt  
 PS Form 3811, July 2015 PSN 7530-02-000-9053

**SENDER: COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Agent  
 Addressee

B. Received by (Printed Name)  
 C. Date of Delivery  
 9/4/18

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

Priority Mail Express®  
 Adult Signature Restricted Delivery  
 Registered Mail™  
 Certified Mail®  
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August 31, 2018

**VIA CERTIFIED MAIL**



***Re: Notice of Community Outreach Hearing***

Dear Sir/ Madam:

Please find enclosed a Notice of Community Outreach Meeting for a proposed cannabis establishment. As set forth on the enclosed Notice, the public hearing is scheduled for Tuesday, September 11, 2018, at 7:00 p.m. at the Harvard Town Hall, 13 Ayer Road, Harvard, Massachusetts.

The proposed cannabis extraction facility is anticipated to be located at 325 Ayer Road #116, Harvard, Massachusetts. There will be an opportunity to ask questions.

Very truly yours,

A handwritten signature in cursive script that reads "Matthew Brace".

MATTHEW BRACE  
Coil Brothers LLC

Enc.

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# POSITIVE IMPACT PLAN

## Coil Brothers

### Introduction

Coil Brothers has developed a Positive Impact Plan, as required by the Cannabis Control Commission (“Commission”) and state mandate (M.G.L. c. 94G, § 4). This plan is designed to formalize Coil Brothers’ commitment to positively impact individuals and communities that have historically high rates of arrest, conviction, and incarceration related to cannabis crimes and/or have been disproportionately harmed by cannabis prohibition and enforcement, per 935 CMR 500.101(1)(a)(11). Coil Brothers is confident that its efforts centered around positive impact will produce sustainable value to affected communities and will contribute to the momentous effort of reconciling the harm inflicted during our country’s long and tenuous history of cannabis prohibition and enforcement.

### Local Demographics

Coil Brothers began the process of establishing this plan by reviewing local and Commonwealth demographic data. Coil Brothers’ Marijuana Product Manufacturing facility will be located in Worcester County, Massachusetts’ second-most populous and largest county by area with demographics similar to those of Massachusetts. This location places Coil Brothers’ facility within Census Tract 7614; although Census Tract 7614 does not meet the Commission’s designation as an area of disproportionate impact, the location is positioned in close proximity to communities that are classified as areas of disproportionate impact. Specifically, Coil Brothers’ facility will be located less than two hours away from 23 of the 29 designated areas of impact. In many cases, Coil Brothers is located less than 30 minutes away from these communities. This accessibility will facilitate Coil Brothers’ strategies for engaging communities that represent disproportionate impact.

### Current Operating Team and Advisors

Coil Brothers has built a strong team of principals, executives, managers, and advisors, as described in the *Employee Qualifications and Training* section. Each brings a skill set and knowledge base considered integral to the development of this application and will help establish operations going forward. Coil Brothers’ four founders have lived and done business in Massachusetts for a combined total of more than 60 years. The founders currently reside in Concord, Harvard, Boston, and Wellesley, and carry a stake in ensuring Coil Brothers’ operations benefit local areas. Each has contributed to their local communities in meaningful ways and will continue this ethos of service while operating Coil Brothers. Additionally, Coil Brothers is honored to have Fatema Fazendeiro serve as its Diversity and Public Health Advisor. Fatema is a Course Coordinator and Lecturer at Boston University’s Questrom School of Business. She is the former General Counsel of the Boston Public Health Commission and has facilitated mandatory racial justice and health equity training. Coil Brothers is also honored to have Chief Edward Denmark serve as its Security & Law Enforcement Advisor. Chief Denmark is a 30-year law enforcement professional and Chief of Police at the Harvard Police Department. Fatema and Chief Denmark will play a critical role in assisting Coil Brothers in its efforts to achieve positive impact by contributing to company training relating to the topic and by participating in the evaluation of Coil Brothers’ positive impact initiatives and their effectiveness on an ongoing basis.

### Positive Impact Goals

Coil Brothers has developed three goals centered around producing positive impact. Coil Brothers’ leadership will monitor, evaluate, adjust, and expand upon these goals at least annually and will allocate the time and resources necessary to achieve these goals within the specified timeframe.

**Goal 1:** Coil Brothers will prioritize the recruiting and hiring of individuals who live in areas of disproportionate impact, with a goal of hiring at least **10%** of its staff from areas of disproportionate impact within the **first year** of obtaining a provisional license. Depending on the company’s first-year growth, this target may increase to **15%**. This will be measured by counting the number of individuals hired who self-report living in an area of disproportionate impact, then assessing this number with the total number of individuals hired to ensure that at least 10% of all individuals hired fall within this category.

Coil Brothers’ primary hiring objective is to fill open positions with candidates who possess the skills and knowledge required to excel. As a secondary objective, Coil Brothers will prioritize interviewing and hiring individuals who reside in areas of disproportionate impact. Managers responsible for recruiting and hiring will be informed of Coil Brothers’ Positive Impact Plan and will play a direct role in achieving this goal. If Coil Brothers advertises open positions or hiring events, 25% of such advertising will appear in areas of disproportionate impact (e.g. posted on community boards in local stores) or via outlets that reach residents of areas of disproportionate impact (e.g. local newspapers). Within six months of obtaining a provisional license, Coil Brothers will host or participate in a hiring event located in an area of disproportionate impact. The hiring event will be free, easily accessible by way of

public transportation, and restricted to candidates age 21 and above. Coil Brothers will offer follow-up interviews to at least 5% of total hiring event attendees. **Metrics associated with this goal include:**

- Coil Brothers will count the number of individuals hired from areas of disproportionate impact, ensuring the number reaches 10% of total staff within the first year of obtaining a provisional license.
- Coil Brothers will track every career-related ad, ensuring 25% of all ads are placed in areas of disproportionate impact or via outlets that reach residents of areas of disproportionate impact.
- Coil Brothers will host or participate in one hiring event within six months of obtaining a provisional license; Coil Brothers will count the total number of attendees and will offer at least 5% of the total number of attendees a follow-up interview.

A document will track each of the above metrics and will help depict the effectiveness of the program. The document may track: interviews, offers, and pay rate of individuals from areas of disproportionate impact; date, location, attendance, and results of hiring events; and placement of career-related ads, response rates, and rationale of placement such as audience data, among other items.

**Goal 2:** Coil Brothers will seek to do business with companies/professionals who operate/reside in areas of disproportionate impact, with a goal of awarding at least **15%** of all contracts to businesses/professionals who meet this criteria within the **first year** of obtaining a provisional license. This will be measured by counting the number of contracts awarded to businesses/professionals who operate/reside in an area of disproportionate impact, then assessing this number with the total number of contracts awarded to ensure that at least 15% of all contracts fall within this goal.

Coil Brothers will be selecting a wide variety of services and products to maintain its operations. Managers responsible for procurement will be encouraged to pursue agreements with businesses/professionals that operate/reside in areas of disproportionate impact. When Coil Brothers releases a Request for Proposal (RFP), management will review each response, paying careful attention to submissions from businesses/professionals representing areas of disproportionate impact. When Coil Brothers releases an RFP, 25% of all RFP-related communication will be shared via outlets that reach businesses/professionals of such areas (e.g. via local Chambers of Commerce). **Metrics associated with this goal include:**

- Coil Brothers will count every contract awarded, ensuring at least 15% of all contracts are awarded to businesses/professionals who operate/reside in areas of disproportionate impact within the first year of obtaining a provisional license.
- Coil Brothers will track the distribution of all RFP-related communications ensuring 25% are shared via outlets that reach businesses/professionals who operate/reside in areas of disproportionate impact.

A document will track each of the above metrics and will help depict the effectiveness of the program. The document may track: contracts given to businesses/professionals from areas of disproportionate impact; total contract amount; and placement of RFP announcements including outlet and rationale of placement such as audience data, among other items.

**Goal 3:** Coil Brothers will **establish a Preferred Contractor, Vendor, and Supplier List** within the first **60 days** of obtaining a provisional license that highlights businesses/professionals that represent areas of disproportionate impact.

Because Coil Brothers values relationships with local businesses and professionals, the company will develop and populate a Preferred Contractor, Vendor, and Supplier List (List). This List will be maintained internally by Coil Brothers' management and will consist of businesses/professionals Coil Brothers has connected with at industry events or through outreach. A description of the contractor, vendor, or supplier, contact information, location of operations, if the location is in an area of disproportionate impact, and how the contact was made will be included in the List. When a need for goods or services occurs, management will refer to this List first to identify a suitable fit. The purpose of this objective is to facilitate the process of building a community-focused and people-focused business model; when connections are made, there may not be an immediate need for the connection's specific type of goods or service. By archiving the information in this List, future decisions regarding business contracts can be made more readily and with a focus on positive impact. **Metrics associated with this goal include:**

- Coil Brothers will develop a List within the first 60 days of obtaining a provisional license.
- Coil Brothers will train managers on how to populate and refer to the List within 60 days of obtaining a provisional license; as new managers are hired, they will be trained as part of onboarding.
- Coil Brothers will monitor the List to ensure names are added each month and after each outreach event; the List will be counted quarterly to ensure it is growing at a rate of 5% per quarter for the first year after obtaining a provisional license.

A document will track each of the above metrics and will help depict the effectiveness of the program. The document may track: businesses/professionals from the List who were engaged for services, total dollar amount of service agreement; and month-over-month growth of the List, among other items.

### Company Training

Upon hire, all employees will begin a comprehensive training program meant to provide the information and hands-on experience required to succeed at Coil Brothers and to contribute to company-wide compliance. A portion of this training will be used to educate staff about this country's history with cannabis and the disproportionately negative impact cannabis prohibition and enforcement has had on certain communities. The training will also introduce staff to the company's positive impact goals, drawing a tangible link between their day-to-day efforts and large-scale, meaningful impact. Fatema

Fazendeiro and Chief Denmark will assist in the development of such training. Staff will also receive Communication Training, where they will be introduced to the numerous methods of communication utilized at Coil Brothers. Because Coil Brothers intends to hire individuals who intimately know and understand the communities that have been disproportionately affected by cannabis prohibition, staff will be encouraged to share their ideas and comments relating to the company's positive impact efforts. Staff will also be encouraged to participate in company outreach efforts. If an agent shows interest in representing Coil Brothers at outreach events, they will be fully supported. Coil Brothers will also encourage staff to participate in professional development seminars, conferences, or memberships that relate to social and community impact. Opportunities to participate in such activities will be displayed on the company bulletin board and sent to staff via email and/or the Human Resource Management System (HRMS).

#### Monitoring and Reporting

To track progress toward achieving goals and to identify areas for improvement, Coil Brothers will institute detailed monitoring and reporting practices, some of which were briefly described above with each goal. Areas that may be recorded include: applicant records including name, address, interview status, and hiring action; job offers, hires, promotions, resignations, and terminations; compensation; attendance at company training, external training, conferences, and other professional development; records of company outreach activities including location, subject, advertising, and a summary of results; complaints or comments brought to management and action taken; anonymous comments received and action taken; results of annual employee surveys and action taken; financial records and records of outreach that highlight involvement with specific causes; and records indicating number of people placed in jobs or awarded contracts as a result of outreach, among others. Records will be maintained in hard-copy format, kept within secure physical storage, and/or digitally, via the HRMS or the company's secure server. The HRMS will aid in sourcing applicant/personnel data. As required by the Commission, Coil Brothers will document the progress and/or success of this plan, in its entirety, at least annually upon renewal (one year from provisional licensure) and Coil Brothers' management will hold a twice-annual review process to assess positive impact efforts. Summaries of activities and results of the company's Positive Impact Plan will be provided to the Commission upon request.

#### Summary

Coil Brothers is committed to becoming a Marijuana Product Manufacturer that contributes to the community in meaningful ways. Through concerted efforts to impact areas disproportionately affected by cannabis prohibition and enforcement, Coil Brothers will strive to do its part in building an inclusive cannabis industry in Massachusetts. This focus will be embodied in every aspect of company operations. This plan will adhere to the requirements set forth in *935 CMR 500.105(4)* which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of Marijuana Establishments, and any actions taken, or programs instituted, by Coil Brothers will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws. This plan has been prepared with care and attention; because Coil Brothers acknowledges that community engagement is an evolving process, the company will continually reevaluate its goals and efforts to align with the most immediate needs of the Commonwealth.

**LIMITED LIABILITY COMPANY**

**OPERATING AGREEMENT**

**OF**

**COIL BROTHERS LLC**

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This Limited Liability Company Operating Agreement of Coil Brothers LLC, a Massachusetts limited liability company (the “Company”), is made as of this 18<sup>th</sup> day of April, 2018 (“Effective Date”), by and among Rory Z. Fazendeiro, Matthew T. Zipoli, John M. Goll, and Matthew Brace, as the Class A Members (the “Class A Members”), and the Investors, as admitted to the Company from time to time and listed on Schedule B attached hereto (collectively, the “Members”). Certain capitalized words and phrases in this agreement have the meanings set forth in the glossary of terms attached hereto as Schedule C.

## **Agreement**

### **Section 1**

#### **General**

- 1.1 **Formation.** A Certificate of Organization dated April 18, 2018 has been filed to form the Company pursuant to and in accordance with the Massachusetts Limited Liability Company Act, M.G.L. c. 156C, et seq. (the “Act”). By executing this agreement, each Class A Member hereby ratifies the formation of the Company and the filing of the Certificate of Organization. The Class A Members shall take all action required by law to maintain the Company as a limited liability company under the Act and under the laws of all other jurisdictions in which the Company may elect to conduct business.
- 1.2 **Principal Place of Business.** The principal place of business of the Company, set forth initially in the Certificate of Organization, will be located at 581 Tremont Street, Boston, Massachusetts.
- 1.3 **Registered Office and Registered Agent.** The registered office of the Company and the name of the registered agent at such address, set forth initially in the articles of organization, may be changed from time to time by the Manager.
- 1.4 **Members and Classes of Membership Interests.** The name and address of each Class A Member is set forth on Schedule A. The name and address of each Investor is set forth on Schedule B. Each Member that is listed on Schedule A or Schedule B holds an ownership interest in the Company which represents the rights and obligations set forth in this agreement or the Act (“Membership Interest”). Each Member’s Membership Interest is set forth on Schedule A or Schedule B as a percentage equal to the Member’s Capital Contribution to the Company over the aggregate Capital Contributions to the Company by all Members. The Membership Interest of Investors is a non-voting interest, except as otherwise provided in this agreement or by law and is limited to the specific rights, including rights to distributions, set forth herein. The Membership Interest of the Class A Members is a voting interest.

### **Section 2**

#### **Purpose and Authorized Activities**

- 2.1 **Purpose.** The purposes of the Company are—
  - (a) to manufacture, sell and distribute extracted cannabis concentrate products to licensed retailers and other licensed Marijuana Establishments within the Commonwealth of Massachusetts, and outside of the Commonwealth if and when

legally permitted (the “Business”), and to otherwise exercise all of the rights and responsibilities associated with such Business;

- (b) to do all other acts and things as may be necessary, desirable, expedient, convenient for or incidental to the furtherance and accomplishment of the foregoing objectives and purposes and for the protection and benefit of the Company and the Business; and
- (c) to engage in any lawful activity agreed upon by the Class A Members.

2.2 **Authorized Activities.** Subject to the provisions of this agreement, including the provisions of Section 5.1, the Manager is authorized to cause the Company to take all actions necessary or appropriate to carry out the purposes and business of the Company and, in exercising the Company’s rights and obligations, to directly or indirectly (as the owner of any subsidiary) cause the Company to accomplish its purpose.

### **Section 3 Capital Accounts**

3.1 **Initial Capital Contributions.** In consideration for his or her Membership Interest, each of the Members shall make the initial Capital Contributions set forth on Schedule A or Schedule B, as applicable.

3.2 **No Third Party Beneficiaries.** The provisions of this agreement are not intended to be for the benefit of any Member or any creditor thereof, any creditor of the Company, any tenant or occupant of any property held by the Company, or other Person (other than a Member in its capacity as a Member and, for purposes of Section 7.5, an Indemnified Party in such capacity) to whom any debts, liabilities, or obligations are owed by (or who otherwise has any claim against) the Company or any of the Members; and no such Person will obtain any right under any such foregoing provision against the Company (except to the extent provided for in Section 7.5) or any of the Members by reason of any debt, liability, or obligation (or otherwise).

3.3 **Return of Capital Account.** Except as otherwise specifically provided in this agreement, (1) no Member will have any right to withdraw its Capital Contributions or Capital Account, or to demand and receive property other than cash from the Company in return for its Capital Contributions or Capital Account, (2) no Member will have any priority over any other Members as to the return of its Capital Contributions or Capital Account, except as may be expressly set forth herein, and (3) any return of Capital Contributions or Capital Accounts to the Members will be solely from the Company Property, and no Member will be personally liable for any such return.

3.4 **Limited Liability.** No Member will be liable for losses, costs, expenses, liabilities, or obligations of the Company.

### **Section 4 Distributions**

4.1 **Distributions.** All Cash Available for Distribution shall be distributed to the Class A Members and Investors in proportion to their respective Membership Interests as set forth in Schedule A and Schedule B.

- 4.2 **Transfers During Fiscal Year.** In the event of a transfer of all or any part of a Membership Interest (in accordance with the provisions of this agreement) during a Fiscal Year, the share of income, profits, gains, losses, deductions, and credits attributable to the Membership Interest will be allocated between the holders of the transferred Membership Interest based on the actual attributions to the Membership Interest for any whole months that each the holder was recognized as the owner of the Membership Interest.
- 4.3 **Record Date.** Except as expressly provided otherwise in this agreement, distributions will be made to the Members of record on the date established by the Class A Members for the distribution, without regard to the length of time the Persons have been Members.
- 4.4 **Taxes Withheld.** For purposes of this agreement, any amount of taxes required by the Code or by any state or other taxing authority to be withheld by the Company with respect to any amount allocated to or distributable by the Company to any Member will, upon payment to the IRS or to any such state or other taxing authority, be deemed to be a distribution of the payment to the Member and will reduce the amount otherwise distributable to the Member pursuant to this agreement.

## **Section 5 Management**

- 5.1 **Management and Control of Company Business.** The Manager of the Company shall be Table Bread Services, LLC (the “Manager”). The Manager shall have the authority to operate the Company and carry out any and all of the objects and purposes of the Company on a day to day basis, subject to and in accordance with an Annual Plan and Budget, except where the consent of the Class A Members is required under the terms of this agreement.
- 5.2 **Major Decisions Requiring Consent of the Class A Members.** Notwithstanding anything to the contrary in this agreement (including Section 5.1), the following powers of the Company shall be exercised by the (i) Majority in Interest of Class A Members or (ii) Manager, with the consent of the Majority in Interest of the Class A Members:
- (a) borrowing money, issuing (or guarantying) evidences of indebtedness and obtaining lines of credit, loan commitments and letters of credit for the account of the Company and securing the same by mortgage, deed of trust, pledge or other lien on any Company assets, other than the extension of credit by vendors to the Company for Company expenses which will be paid in the ordinary course of business;
  - (b) taking any legal action (including confessing a judgment against the Company) and any determination to settle any legal action that exceeds Fifty Thousand Dollars (\$50,000) in any single instance and One Hundred Thousand Dollars (\$100,000) in the aggregate in any twelve month period;
  - (c) acting contrary to an Annual Plan and Budget;
  - (d) incurring expenditures in excess of the amount budgeted therefor under the applicable line-item in an Annual Plan and Budget, other than Non-Discretionary Costs;

- (e) commencing any production, manufacturing, distribution or sales, or other business activity on behalf of the Company, other than in accordance with an Annual Plan and Budget, which activities have a cost in any single instance in excess of \$25,000.00;
- (f) making any distributions by the Company, other than in strict accordance with this agreement;
- (g) merging, consolidating, terminating or dissolving the Company;
- (h) issuing further interests in the Company;
- (i) deciding to cause the Company to no longer be treated as a partnership for purposes of the Code;
- (j) forming any subsidiary of the Company;
- (k) entering into any property management or leasing agreement (not including a lease of space at the Property), any development agreement, or any other material third party contract having a value in excess of Fifty Thousand Dollars (\$50,000) with respect to which funds are not explicitly provided for, or the existence of which is not contemplated, in an Annual Plan and Budget, and amending, supplementing, replacing or otherwise modifying any of the foregoing, or amending, supplementing, replacing or otherwise modifying any other property management or leasing agreement, development agreement or other material third party contract which results in any such agreement or contract having a value in excess of Fifty Thousand Dollars (\$50,000);
- (l) commencing on behalf of the Company a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Company or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect;
- (m) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official in respect of the Company or the Project;
- (n) consenting to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against the Company;
- (o) making a general assignment for the benefit of creditors;
- (p) changing the name of the Company (except to the extent required by law or to avoid confusion with other entities with similar names or for other similar reasons);
- (q) admitting or substituting a Person as a Member;
- (r) distributing any property of the Company in kind (other than cash or cash equivalents);
- (s) causing a sale, transfer or other similar disposition of the Business or a portion of the Business to occur;
- (t) entering into any lease of real property;
- (u) amending, modifying, extending or renewing any lease or amending, modifying, extending or renewing any other lease of real property;

- (v) terminating or waiving any material rights under lease of the whole or any portion of real property;
  - (w) appointing a replacement Manager; and
  - (x) making any decisions or agreements, or taking any action, not otherwise described in this Section 5.2 but outside of the ordinary course of business of the Company.
- 5.3 **Fees Paid to Manager.** In exchange for management, administration and other oversight services performed for the Company, the Company may pay to the Manager a management fee as authorized and approved by a majority in interest of Class A Members and pursuant to an Approved Annual Plan and Budget.
- 5.4 **Securities Laws Representations, Warranties and Agreements.** Each Member represents and warrants to the Company and the other Members as follows:
- (a) the Member has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment involved in the purchase of a Membership Interest in the Company, and it has so evaluated this purchase;
  - (b) the Member is aware that this investment is speculative and represents a substantial risk of loss;
  - (c) the Member is aware that at the time of investment marijuana is regulated and illegal under federal law;
  - (d) the Member is able to bear the economic risk of this investment;
  - (e) in connection with the purchase of its Membership Interest, the Member has been fully informed as to the circumstances under which it is required to take and hold its Membership Interest pursuant to the requirements of the Securities Act of 1933 and applicable state securities laws, and the Member understands that its Membership Interest is not registered under such Securities Act or any state securities laws and may not be transferred, assigned, or otherwise disposed of unless its Membership Interest is so registered or unless an exemption from registration is available; and
  - (f) the Member shall indemnify and hold harmless the Company and the other Members from and against any and all loss, damage, liability, cost, or expense, including costs of defense and attorneys' fees, arising or resulting from or attributable to any breach of his representations, warranties or agreements set forth in this Section 5.4.
- 5.5 **Limitation of Member Liability.** No Member will be personally liable to any other Member or to any other party under this agreement, it being agreed that in the event of a breach of this agreement, the sole recourse for the breach will be against the Member's Membership Interest or any proceeds or amounts distributable to the applicable Member in respect thereof.
- 5.6 **No Compensation of Members; Reimbursement of Expenses.**
- (a) No Member will be paid any salary, fee, or other compensation solely for serving as a Member. The fact that a Member or a member of any Member's family, or an officer, director, shareholder, partner, or employee of any Member, is employed by, or is directly interested in or connected with any Person employed by the

Company to render or perform any service, or from whom or which the Company may buy merchandise or other property, will not prohibit the Company from so dealing with that Person, so long as the costs, expenses, fees, or other payment or compensation for, and the terms of any agreement (including any amendments thereto) relating to, such services, merchandise, or property are reasonable, on arms' length terms, and at competitive rates.

- (b) Except as otherwise set forth in this agreement and except for services provided to the Company by a Member, no Member will be reimbursed by the Company for other direct or indirect costs or expenses incurred in connection with the Company's business.

#### 5.7 **Indemnification of Manager.**

- (a) The Manager, its officers, directors, employees, and agents (together, the "Indemnified Parties") will not be liable, responsible, or accountable in damages or otherwise to the Company, or any of the Members for any act or omission performed or omitted in good faith on behalf of the Company that any Indemnified Party reasonably believed to be within the scope of the authority granted by this agreement and in the best interests of the Company, provided that the act or omission is in good faith and with the level of care as an ordinarily prudent person in a like position would use under similar circumstances. The Indemnified Party will nevertheless be liable, responsible, or accountable for actual fraud or intentional misconduct.
- (b) The Company shall indemnify and make advances for expenses to the Indemnified Parties to the fullest extent permitted under the Act (to the extent of available assets, but without the requirement that any Member make additional Capital Contributions or loans for this purpose) against any loss or damage incurred by the Indemnified Parties by reason of any act or omission performed or omitted by any Indemnified Party which is consistent with the first sentence of Section 5.7(a).

### **Section 6 Transfers**

- 6.1 **Transfers by Members.** Except for a Transfer pursuant to this Section 6, no Member may Transfer all or any portion of its Membership Interest (directly or indirectly, including via a transfer of direct or indirect interests in Member). Any purported Transfer in violation of the terms of this Section 6 will be void ab initio.
- 6.2 **Additional or Substituted Member.** A Person will be admitted to the Company as an additional or substituted member (in either case, a "Substituted Member") if, and only if, the following conditions are satisfied:
  - (a) the admission of the Person has been consented to in writing by a Majority in Interest of the Class A Members;
  - (b) the Person has accepted and agreed to be bound by all the terms and provisions of this agreement and has executed and delivered such documents or instruments as may be required or appropriate in order to effect the admission of the Person as a Member;
  - (c) the Transfer will not cause the Company to be treated as an association taxable as a corporation (rather than a partnership) for federal income tax purposes;

- (d) the Transfer will not violate the provisions of any federal or state securities laws or any other law, rule, or regulation;
- (e) the Transfer will not contravene any provision of, or trigger consent rights under, any other agreement of the Company (including without limitation any loan document or lease, whether with respect to the Company),
- (f) the assignor and assignee pays all costs and fees incurred by the Company to effect the transfer and substitution; and
- (g) the assignor and assignee submit to the Manager a notice or other evidence of transfer and such other information reasonably required by the Manager and Class A Members, including, without limitation, names, addresses, and telephone numbers of the assignor and assignee.

6.3 **Effect of Transfer.** Unless named in this agreement, or unless admitted to the Company as a Substituted Member as provided above in this Section 6, no Person will be considered a Member, and the Company, each Member, and any other Persons having business with the Company need deal only with the Members so named or so admitted and will not be required to deal with any other Person by reason of a Transfer by a Member. If an assignee of a Member does not become a Substituted Member pursuant to this Section 6, the assignee will not have any rights to require any information on account of the Company's business, to inspect the Company's books, or to vote on or otherwise take part in the affairs of the Company. A Substituted Member, upon admission as such, will succeed to the rights, privileges, and liabilities of its predecessor in interest as a Member.

6.4 **Effect of Bankruptcy or Dissolution of a Member.** The dissolution or adjudication of Bankruptcy of a Member will not dissolve the Company.

## **Section 7**

### **Term, Liquidation, and Dissolution**

7.1 **Term.** The existence of the Company will continue until the earlier of:

- (a) an election to dissolve the Company is made in writing by the Manager with consent of the Majority in Interest of Class A Members as provided for herein;
- (b) a date to be selected by the Manager within 18 months after the sale, exchange, or other disposition of all or substantially all of the Company Property; or
- (c) any other event causing dissolution of the Company under the Act unless, subject to applicable law, within 90 days thereafter the Manager elects to reconstitute the Company, which election must be evidenced by such writing as is required by law.

7.2 **Liquidation.** Upon the occurrence of a dissolution event described in Section 7.1, the Manager shall proceed with an orderly liquidation of the Company Property. The Manager shall provide to each Member a statement setting forth the assets and liabilities of the Company and, promptly following the complete liquidation and distribution of the Company Property, a statement showing the manner in which the Company Property was liquidated and distributed. No Member will have any obligation to restore a deficit balance in its Capital Account upon the dissolution and liquidation of the Company. The proceeds of the liquidation will be applied and distributed in the following order and priority:

- (a) to creditors of the Company who are not Members nor Affiliates of Members for the payment of the debts and liabilities of the Company and expenses of liquidation;
- (b) to creditors of the Company who are Members or Affiliates of Members for the payment of the debts and liabilities of the Company;
- (c) to the setting up of any reserves the Manager may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, the balance of any such reserves remaining after the payment of the foregoing contingencies to be distributed in the manner provided in this Section 7.2;
- (d) the balance, if any, to the Members, in accordance with Section 4.1.

7.3 **Dissolution.** Upon the complete liquidation and distribution of the Company Property, the Members will cease to be Members of the Company, and the Manager shall execute, acknowledge, and cause to be filed any certificates and notices required by law to terminate the Company.

## **Section 8**

### **Miscellaneous**

- 8.1 **Books and Records.** The Company shall maintain or shall cause to be maintained full and accurate financial and other customary records of the Company showing all receipts and expenditures, assets and liabilities, profits and losses, names and current addresses of Members, and all other records necessary for recording the Company's business and affairs (and any subsidiary's business and affairs). All Members and their duly authorized representatives will have the right, for any reasonable purpose, to inspect and copy any or all of the books and records of the Company and any subsidiary, including records necessary to enable a Member to defend any tax audit or related proceeding.
- 8.2 **Tax Matters.** An accounting firm selected and designated by the Manager will prepare all tax returns required of the Company at the Company's expense. The Tax Matters Representative shall serve as the Company's "tax matters partner" under Section 6231(a)(7) of the Code as in effect prior to the amendments by the Bipartisan Budget Act of 2015, and the "partnership representative" under Section 6223(a) of the Code as amended by the Bipartisan Budget Act of 2015 and any subsequent amendments and in any similar capacity under state or local law as long as the Tax Matters Representative qualifies under the Code or until the Tax Matters Representative resigns. In the event of any vacancy in the Tax Matters Representative, the Members shall designate a successor Tax Matters Representative meeting the applicable requirements under the Code by a Majority in Interest of the Class A Members.
- 8.3 **Amendment Procedure.** This agreement may not be amended without with the written consent of all the Members.
- 8.4 **Title to Company Property.** All Company Property, whether real or personal, tangible or intangible, will be owned by the Company as an entity, and no Member, individually, will have any ownership of the property. The Company may hold any of the Company Property in its own name or, in the name of its nominee, which nominee may be one or more individuals, corporations, partnerships, trusts, or other entities.

- 8.5 **Other Activities.** Except as expressly provided otherwise in this agreement, any of the Members or their Affiliates may engage in, or possess an interest in, other business ventures, independently or with others, including, without limitation, real estate business ventures, except for any other enterprises that are in competition with, directly or indirectly, the general business activities of the Company. Nothing in this agreement will or may be construed to constitute any Member the agent of any other Member or to limit the Members in any manner in the carrying on of their own respective businesses or activities.
- 8.6 **Applicable Law.** It is the intent of the parties hereto that all questions with respect to the construction of this agreement and the rights and liabilities of the parties hereto will be determined in accordance with the provisions of the laws of the Commonwealth of Massachusetts without giving effect to the choice of law rules thereof.
- 8.7 **Binding Agreement.** Subject to the restrictions on Transfers set forth herein, this agreement will inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal or personal representatives, successors, and assigns. Whenever in this agreement a reference is made to any party or Member, the reference will be deemed to include a reference to the heirs, executors, legal or personal representatives, successors, and assigns of the party or Member.
- 8.8 **Waiver of Partition.** Unless otherwise specifically provided in this agreement, no Member will, either directly or indirectly, take any legal action to require partition or appraisal of the Company Property or the Company, and notwithstanding any provision of applicable law to the contrary, each Member (and its estate, personal or legal representative, heirs, beneficiaries, distributees, and successors and assigns) hereby irrevocably waives any and all right to maintain any legal action for partition or to compel any sale with respect to its interest in the Company or with respect to the Company Property.
- 8.9 **Execution by Members; Counterparts.** The Class A Members may sign this agreement by electronic signature affixed to the appropriate signature block attached hereto. If the Members sign this agreement in several counterparts, each will be deemed an original but all counterparts together will constitute one instrument.
- 8.10 **Entire Agreement.** This agreement (and any and all of its Exhibits and Schedules, which are hereby incorporated by reference into this agreement) contains the entire understanding among the parties hereto and supersedes all prior written or oral agreements among them respecting the within subject matter, unless otherwise provided herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the Members relating to the subject matter of this agreement that are not fully expressed by this agreement.
- 8.11 **Waiver.** No consent or waiver, express or implied, by any Member to or of any breach or default by any other Member in the performance by the other of its obligations hereunder will be deemed or construed to be a consent or waiver to or of any other breach or default by the other in the performance by the other party of the same or any other obligations of the Member hereunder. Failure on the part of any Member to object to or complain of any act or failure to act of the other Members or to declare the other Members in default, irrespective of how long the failure continues, will not constitute a waiver by the Member of its rights hereunder.

- 8.12 **Waiver of Trial by Jury.** In the event that any dispute is brought before any court of competent jurisdiction for resolution of any dispute, each of the parties hereto fully and freely waives trial by jury. Any such action will be tried by a judge as the finder of fact.
- 8.13 **Construction.** Every covenant, term, and provision of this agreement will be construed simply according to its fair meaning and not strictly for or against any Member (notwithstanding any rule of law requiring an agreement to be strictly construed against the drafting party).
- 8.14 **Captions.** Captions contained in this agreement do not define, limit, or extend the scope or intent of this agreement.
- 8.15 **Severability.** The Members intend that (1) during any adversarial proceedings arising out of this agreement, if the adjudicative body to which such proceedings are submitted holds any provision of this agreement to be unenforceable, then that provision will be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded; and (2) if an unenforceable provision is modified or disregarded in accordance with this paragraph, then the rest of the agreement will remain in effect as written.

## **Section 9**

### **Allocation of Profits and Losses**

- 9.1 **Generally.** The Company shall maintain the Capital Accounts using the rules set forth in the applicable Regulations, and each taxable year shall make allocations under the rules of “minimum gain chargeback,” “partner minimum gain chargeback,” and “qualified income offset,” all as set forth in the applicable Regulations; allocate “nonrecourse deductions” to the Members in proportion to their Membership Interests; allocate “partner nonrecourse deductions” as required by the applicable Regulations; and allocate remaining Profits and Losses in such a manner that, at the end of such taxable year, the Capital Account of each Member shall, to the extent possible, equal the amount which would have been distributed to such Member pursuant to a hypothetical liquidation. For this purpose, a “hypothetical liquidation” means that all assets of the Company are disposed of in a taxable disposition for the “book” value of such assets (but in the case of assets subject to the rules governing “minimum gain chargeback” or “partner nonrecourse debt minimum gain chargeback”, such provisions would apply), the debts of the Company are paid, and the remaining amounts are distributed to the Members pursuant to Section 7.2. If, for any taxable year, such an allocation of Profits or Losses does not permit the Capital Accounts of Members to be made to equal the amount which would have been distributed to such Members pursuant to a hypothetical liquidation, then instead of such an allocation of Profits and Losses, a proportionate share of individual items of gross income, gain, loss or deduction (which were the components of Profits or Losses) shall be allocated among the Members in such a manner that, at the end of such fiscal year, the Capital Account of each Member shall, to the extent possible, equal the amount which would have been distributed to such Member pursuant to a hypothetical liquidation.
- 9.2 **Loss Limitation.** Except as required by the Code and the Regulations, Losses allocated pursuant to Section 9.1 shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have a deficit balance in that Member’s Adjusted Capital Account at the end of any Fiscal Year. In the event that some but not all

of the Members would have deficit balances in their Adjusted Capital Accounts as a consequence of an allocation of Losses pursuant to Section 9.1, except as required by the Code and Regulations, the limitation set forth in this Section 9.2 shall be applied on a Member by Member basis and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Members' Capital Accounts so as to allocate the maximum permissible Losses to each Member under Regulations Section 1.704-1(b)(2)(ii)(d).

**9.3 Other Allocation Rules.**

- (a) Any elections or other decisions relating to the allocations to the Members will be made by the Majority in Interest of Class A Members in any manner that reasonably reflects the purpose and intention of this agreement. Allocations pursuant to Section 9.1 are solely for purposes of federal, state, and local taxes and will not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provision of this agreement.
- (b) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any other items will be determined on a daily, monthly, or other basis, as determined by the Members using any permissible method under Code Section 706 and the Regulations thereunder.
- (c) The Members are aware of the income tax consequences of the allocations made pursuant to the provisions of Section 9.1 and hereby agree to be bound by the provisions of Section 9.1 in reporting their shares of Company income and loss for income tax purposes.

**9.4 Code Section 704(c) Allocations.**

- (a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company by the Members will, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of the property to the Company for federal income tax purposes and its initial Gross Asset Value.
- (b) In the event the Gross Asset Value of any Company Property is adjusted, subsequent allocations of income, gain, loss, and deduction with respect to the asset will take into account any variation between the adjusted basis of the asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

This agreement has been executed by the Class A Member as of the date first written above.

**Class A Member**

Matthew Brace

By: /s/ Matthew Brace\_\_\_\_\_

This agreement has been executed by the Class A Member as of the date first written above.

**Class A Member**

John M. Goll

By: /s/ John M. Goll\_\_\_\_\_

This agreement has been executed by the Class A Member as of the date first written above.

**Class A Member**  
Matthew T. Zipoli

By: /s/ Matthew T. Zipoli\_\_\_\_\_

This agreement has been executed by the Class A Member as of the date first written above.

**Class A Member**

Rory Z. Fazendeiro

By: /s/ Rory Z. Fazendeiro

This agreement has been executed by the following Member as of the date first written above.

**Investor**

[\_\_\_\_\_]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Schedule A**  
**Class A Members**

<u>Name</u>	<u>Capital Contribution</u>	<u>Membership Interest</u>
Rory Z. Fazendeiro	\$10.00	25%
Matthew T. Zipoli	\$10.00	25%
John M. Goll	\$10.00	25%
Matthew Brace	\$10.00	25%

## Schedule B Investors

<u>Name</u>	<u>Address</u>	<u>Capital Contribution</u>	<u>Membership Interest</u>
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## **Schedule C Glossary**

The following terms have the definitions hereinafter indicated whenever used in this agreement with initial capital letters:

“Act” means the Massachusetts Limited Liability Company Act.

“Adjusted Capital Account” means, with respect to any Member, such Member’s Capital Accounts as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

- (a) credit to such Capital Account any amounts that such Member is deemed to be obligated to restore pursuant to the penultimate sentence in Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and
- (b) debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6).

“Affiliate” means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by, or under common control with such Person, (ii) any Person directly or indirectly owning or controlling ten percent (10%) or more of the outstanding voting securities of such Person, (iii) any officer, partner, member, director or trustee of such Person and (iv) as to any Person or any officer, partner, member, director or trustee mentioned above who is an individual, the members of the immediate family of such individual. For purposes of this definition, "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person (including by veto), whether through the ownership of voting securities, by contract or otherwise.

“Approved Annual Plan and Budget” means any Annual Plan and Budget prepared and approved by the Manager with respect to the management, development, construction or other business affairs of the Project.

“Bankrupt(cy)” means either (1) the initiation by a referenced Person of a proceeding, or initiation of any proceeding against a referenced Person, to liquidate or reorganize the Person which has been contested within 30 days and has not been vacated, discharged, or bonded within 90 days of initiation, under a federal, state, or local bankruptcy or insolvency law; (2) the appointment of (or a proceeding to appoint) a trustee or receiver of any property interest; (3) an assignment by a referenced Person for the benefit of creditors; or (4) the agreement by a referenced Person to appointment of a receiver or trustee for all or a substantial part of his property, or court appointment of a receiver or trustee which has been contested within 30 days and is not suspended or terminated within 90 days after appointment.

“Business” has the meaning set forth in Section 2.1(a).

“Capital Account” means, with respect to each Member, an individual capital account maintained for the Member in accordance with the provisions of Regulations Section 1.704-1(b)(2)(iv).

“Capital Contribution” means, with respect to any Member, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the Membership Interest in the Company held by the Member. The contribution of any property or services other than money to the Company that is to be included in a Member’s Capital Account will require the consent of the Majority in Interest of Class A Members.

“Cash Available for Distribution” means, with respect to any fiscal period, an amount determined by the Manager equal to the excess of (1) the sum of (a) the gross cash revenues of the Company (unreduced by depreciation, amortization, cost recovery deductions, or similar allowances) during the fiscal period from all sources other than Capital Contributions and (b) the working capital reserves that the Manager determines are no longer necessary to provide for the foreseeable needs of the Company over (2) the sum of (a) all cash expenditures of the fiscal period made by the Company or which the Company is obligated to make (including all fees, commissions, operating expenses, taxes and assessments owed by the Company, insurance premiums, administrative expenses, and all interest and principal payments upon any debt), except to the extent paid from previously established Company working capital reserves and (b) all amounts to establish or to increase working capital reserves and other reserves for necessary capital improvements and replacements.

“Code” means the Internal Revenue Code of 1986 (or any corresponding provision of succeeding law), as amended from time to time.

“Company” has the meaning first set forth above.

“Company Property” means, at any particular time, any assets or property (tangible or intangible, choate or inchoate, fixed or contingent) held or owned by or for the benefit of the Company including any Ownership Interest.

“Depreciation” means, for each taxable year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for the taxable year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of the taxable year, Depreciation will be an amount which bears the same ratio to the beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for the taxable year bears to the beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for the year is zero, Depreciation will be determined with reference to the beginning Gross Asset Value using any reasonable method selected by the Members.

“Effective Date” has the meaning first set forth above.

“Fiscal Year” means the calendar year.

“Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

- (a) the initial Gross Asset Value of any asset contributed by a Member to the Company will be the gross fair market value of the asset, as agreed to by the contributing Member and the Majority in Interest of Class A Members;
- (b) the Gross Asset Values of all Company Property will be adjusted to equal their respective gross fair market values, as determined by the Majority in Interest of

Class A Members, as of the following times: (1) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis capital contribution; (2) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; (3) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and (4) the grant of an interest in the Company as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a Member capacity or in anticipation of being a Member; provided, however, that the adjustments pursuant to clauses (1) and (2) above shall be made only if the Manager has reasonably determined that the adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

- (c) the Gross Asset Value of any Company Property distributed to any Member will be the gross fair market value of the asset on the date of distribution;
- (d) the Gross Asset Values of Company Property will be increased (or decreased) to reflect any adjustments to the adjusted basis of the assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that the adjustments are taken into account in determining capital accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values will not be adjusted pursuant to this clause (d) to the extent the Manager determines that an adjustment pursuant to clause (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d); and
- (e) if the Gross Asset Value of an asset has been determined or adjusted pursuant to (a), (b), or (c) above, the Gross Asset Value will thereafter be adjusted by the depreciation taken into account with respect to the asset for purposes of computing Profits and Losses.

“Indemnified Party(ies)” has the meaning set forth in Section 5.6(a).

“Investors” means the persons whose names and addresses appear on Schedule B.

“IRS” means the United States Internal Revenue Service.

“Majority in Interest” means Class A Members having more than fifty percent (50%) of the Class A membership interests.

“Manager” has the meaning set forth in Section 5.1.

“Members” means the Class A Members and the Investors.

“Membership Interest” has the meaning set forth in Section 1.4.

“Person” means any individual, partnership, limited liability company, corporation, trust, or other entity.

“Profits” and “Losses” means, for each taxable year, an amount equal to the Company’s taxable income or loss for the taxable year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant

to Code Section 703(a)(1) will be included in taxable income or loss), with the following adjustments:

- (a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition will be added to the taxable income or loss;
- (b) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition will be subtracted from the taxable income or loss;
- (c) in the event the Gross Asset Value of any item of Company Property is adjusted pursuant to (b) or (c) of the definition of Gross Asset Value, the amount of the adjustment will be treated as an item of gain (if the adjustment increases the Gross Asset Value of the item of Company Property) or an item of loss (if the adjustment decreases the Gross Asset Value of the item of Company Property) from the disposition of the item and will be taken into account for purposes of computing Profits or Losses;
- (d) gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income purposes will be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of the property differs from its Gross Asset Value;
- (e) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing the taxable income or loss, there will be taken into account Depreciation for the Allocation Year, computed in accordance with the definition of Depreciation;
- (f) to the extent an adjustment to the adjusted tax basis of any item of Company Property pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Membership Interest, the amount of the adjustment will be treated as an item of gain (if the adjustment increases the basis of the item of Property) or loss (if the adjustment decreases the basis) from the disposition of the item of Company Property and will be taken into account for purposes of computing Profits or Losses; and
- (g) notwithstanding any other provisions of this definition, any items that are specially allocated pursuant to Section 9.1 will not be taken into account in computing Profits or Losses; rather, the amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Section 9.1 will be determined by applying rules analogous to those set forth in clauses (a) through (f) above.

“Regulations” means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as the regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Substituted Member” means any Person who is admitted to the Company as an additional or substitute Member pursuant to Section 6.

“Tax Matters Representative” shall mean the Manager.

“Transfer” means any sale, assignment, transfer, gift, bequest, succession through intestacy, contribution, distribution, conveyance, pledge, hypothecation, mortgage, exchange, or other disposition, or other encumbrance whether voluntary, involuntary or by operation of law and, in the case of a Member, whether directly or indirectly by transfer or sale or issuance of stock, transfer or sale of partnership or limited liability company interests, admission of new partners, sale or transfer of other legal or beneficial interests or assets, or by consolidation or merger, any sale, transfer or other disposition, or resulting from death, disability or otherwise.

“Unreturned Capital” of any Investor on any day shall be equal to the excess, if any, of (a) the aggregate Capital Contributions of such Investor as of such date, over (b) the sum of the aggregate distributions made as of such date to such Investor pursuant to Section 0 and, to the extent such distributions are made pursuant to Section 0, the aggregate distributions made as of such date to such Investor pursuant to Section 7.2(d).



**The Commonwealth of Massachusetts  
William Francis Galvin**

Minimum Fee: \$500.00

Secretary of the Commonwealth, Corporations Division  
One Ashburton Place, 17th floor  
Boston, MA 02108-1512  
Telephone: (617) 727-9640

**Certificate of Organization**

(General Laws, Chapter )

Identification Number: 001323470

1. The exact name of the limited liability company is: COIL BROTHERS LLC

2a. Location of its principal office:

No. and Street: 581 TREMONT STREET  
City or Town: BOSTON State: MA Zip: 02118 Country: USA

2b. Street address of the office in the Commonwealth at which the records will be maintained:

No. and Street: 581 TREMONT STREET  
City or Town: BOSTON State: MA Zip: 02118 Country: USA

3. The general character of business, and if the limited liability company is organized to render professional service, the service to be rendered:

PROCESSING, MANUFACTURING AND SALES OF PRODUCTS, RESEARCH AND PRODUCT DEVELOPMENT

4. The latest date of dissolution, if specified:

5. Name and address of the Resident Agent:

Name: JOHN M. GOLL JR.  
No. and Street: 581 TREMONT STREET  
City or Town: BOSTON State: MA Zip: 02118 Country: USA

I, JOHN M. GOLL JR. resident agent of the above limited liability company, consent to my appointment as the resident agent of the above limited liability company pursuant to G. L. Chapter 156C Section 12.

6. The name and business address of each manager, if any:

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
MANAGER	JOHN M. GOLL JR.	

7. The name and business address of the person(s) in addition to the manager(s), authorized to execute

**8. The name and business address of the person(s) authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property:**

<b>Title</b>	<b>Individual Name</b> First, Middle, Last, Suffix	<b>Address</b> (no PO Box) Address, City or Town, State, Zip Code
REAL PROPERTY	JOHN M. GOLL JR.	

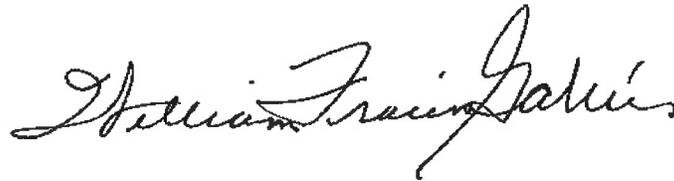
**9. Additional matters:**

**SIGNED UNDER THE PENALTIES OF PERJURY, this 18 Day of April, 2018,**  
**JOHN M. GOLL JR.**  
*(The certificate must be signed by the person forming the LLC.)*

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

April 18, 2018 04:11 PM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive style with a large, prominent initial "W".

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*



*The Commonwealth of Massachusetts*  
*Secretary of the Commonwealth*  
*State House, Boston, Massachusetts 02133*

William Francis Galvin  
Secretary of the  
Commonwealth

March 4, 2019

TO WHOM IT MAY CONCERN:

I hereby certify that a certificate of organization of a Limited Liability Company was filed in this office by

**COIL BROTHERS LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **April 18, 2018.**

I further certify that said Limited Liability Company has filed all annual reports due and paid all fees with respect to such reports; that said Limited Liability Company has not filed a certificate of cancellation or withdrawal; and that said Limited Liability Company is in good standing with this office.

I also certify that the names of all managers listed in the most recent filing are: **JOHN M. GOLL JR.**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **JOHN M. GOLL JR.**

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **JOHN M. GOLL JR.**



In testimony of which,

I have hereunto affixed the

Great Seal of the Commonwealth

on the date first above written.

*William Francis Galvin*

Secretary of the Commonwealth



mass.gov/dor

## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



COIL BROTHERS LLC  
325 AYER RD UNIT 116  
HARVARD MA 01451-1132

000013

### *Why did I receive this notice?*

The Commissioner of Revenue certifies that, as of the date of this certificate, COIL BROTHERS LLC is in compliance with its tax obligations under Chapter 62C of the Massachusetts General Laws.

This certificate doesn't certify that the taxpayer is compliant in taxes such as unemployment insurance administered by agencies other than the Department of Revenue, or taxes under any other provisions of law.

**This is not a waiver of lien issued under Chapter 62C, section 52 of the Massachusetts General Laws.**

### *What if I have questions?*

If you have questions, call us at (617) 887-6367 or toll-free in Massachusetts at (800) 392-6089, Monday through Friday, 8:30 a.m. to 4:30 p.m..

### *Visit us online!*

Visit [mass.gov/dor](http://mass.gov/dor) to learn more about Massachusetts tax laws and DOR policies and procedures, including your Taxpayer Bill of Rights, and MassTaxConnect for easy access to your account:

- Review or update your account
- Contact us using e-message
- Sign up for e-billing to save paper
- Make payments or set up autopay

Edward W. Coyle, Jr., Chief  
Collections Bureau

# Coil Brothers LLC Business Plan

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## Executive Summary

### Mission Statement

Coil Brothers LLC (“CB”) is committed to successfully navigating the license application process and winning a marijuana establishment license made available by the Commonwealth of Massachusetts. The marijuana establishment license will enable the company to fulfill its mission of giving back to an industry that saves lives by becoming the preeminent manufacturer of legal, safe, and effective marijuana products to marijuana retailers across the Bay State.

### Long-Term Business Objectives

The immediate business objective of CB is to obtain a marijuana establishment license from the Cannabis Control Commission (“CCC”) to operate a marijuana manufacturing facility. This will allow the company to perform extractions and manufacture marijuana products for distribution to licensed marijuana retailers throughout the Commonwealth.

Once the company obtains as license, CB will construct a state-of-the-art manufacturing facility and commence operations upon passing a final inspection. The company plans to continually work towards its long-term objectives, and establish a solid operational foundation from the start that will enable CB to efficiently reach their future goals.

### First-To-Market Advantage

It is crucial for CB to be one of Massachusetts’ first licensed and operational adult-use manufacturers, and one of the first to make marijuana products available for wholesale distribution to licensed marijuana retailers. This first-to-market advantage will allow the company to establish brand loyalty among wholesale dispensary clients and their customers. If the company successfully becomes an initial significant occupant of the new market, there is a potential for huge profit margins and a significant control of the market.

### Community Integration

Community integration is a key aspect of the company’s mission and goals. CB believes that for it to succeed, the company must have the trust and support of its local community and consumers. To this end, CB is currently working towards a host community agreement with Harvard, MA. Additionally, CB will conduct a community outreach meeting consistent with the CCC’s *Guidance for License Applicants on Community Outreach* prior to application, along with all supporting documentation. 935 *Mass. Code Regs. § 500.101(8)*. The company has a continuous long-term goal of responding to and appropriately resolving all complaints or conflicts that may arise from the community. To meet this goal, CB will be an active partner in the community, encouraging discussion, and providing transparency in business dealings. If a complaint or conflict arises, the company will work with the affected parties to reach a mutually acceptable solution. At each meeting of CB’s Advisory Council, members will discuss any recent complaint or conflict in detail along with suggestions for how to improve practices, remediate the complaint/conflict, and prevent the issue from arising in the future. The company has developed a multifaceted community outreach plan that

includes methods and programs whose implementation will ensure community involvement and integration, such as town-hall style meetings, suggestion boxes, and other initiatives.

### Expansion in Massachusetts

First and foremost, CB will work to maximize the production output of their initial manufacturing facility and expand their product offerings. Then, once the adult-use marijuana program has matured and demand is sufficient, the company’s hope is to open additional manufacturing facilities to increase production capabilities. These new licenses will allow CB to establish additional production locations throughout different geographic regions of Massachusetts.

### Brand Licensing and Expansion

The company will monitor the legalization of marijuana throughout the United States, with the intention of expanding their brand nationally. Under current federal laws, brand expansion in the industry has typically consisted of licensing the brand and product formulations to local partners in other states. To this end, CB plans to strategically target potential new markets in anticipation of nationwide legalization.

## Industry and Market Analysis

### Industry

#### Size, Growth Trends, and Forecasts

The legal marijuana industry is the fastest growing industry in America, as total national sales soared to \$5.4 billion in 2015, up 17.4% from \$4.6 billion in 2014, according to data released by the ArcView Group. The legal market grew by 24% to \$6.7 billion in sales in 2016. The market-analysis company predicts that combined adult use and medical annual sales will reach more than \$21.5 billion nationally by 2020, as shown in

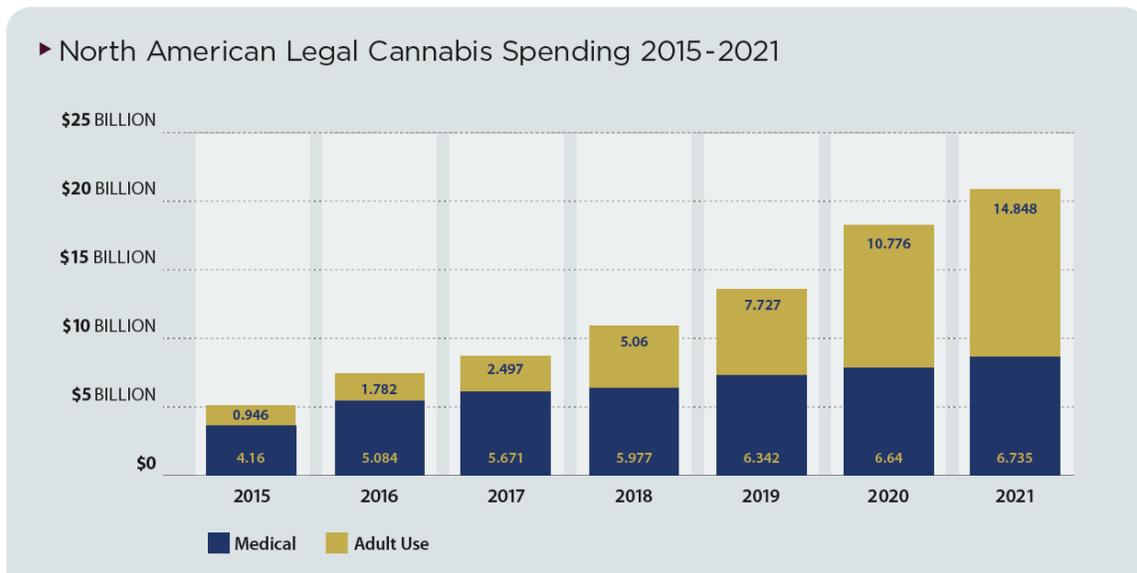


Figure 1 - From "The State of Legal Marijuana Markets, 5th Edition" by ArcView Market Research

## New Program in Massachusetts

Massachusetts is poised to become the largest east coast adult-use marijuana market. The estimated population of Massachusetts was approximately 6.8 million people as of the United States Census Bureau’s July 1, 2016, census report, which is a 4% increase since the 2010 census. It is one of the most populated states in the nation (currently ranked 15<sup>th</sup>), the state’s population growth is average nationally, and it ranks 26<sup>th</sup> in the nation in annual growth. However, at 4% growth, the Commonwealth is the fastest growing state in the New England region.

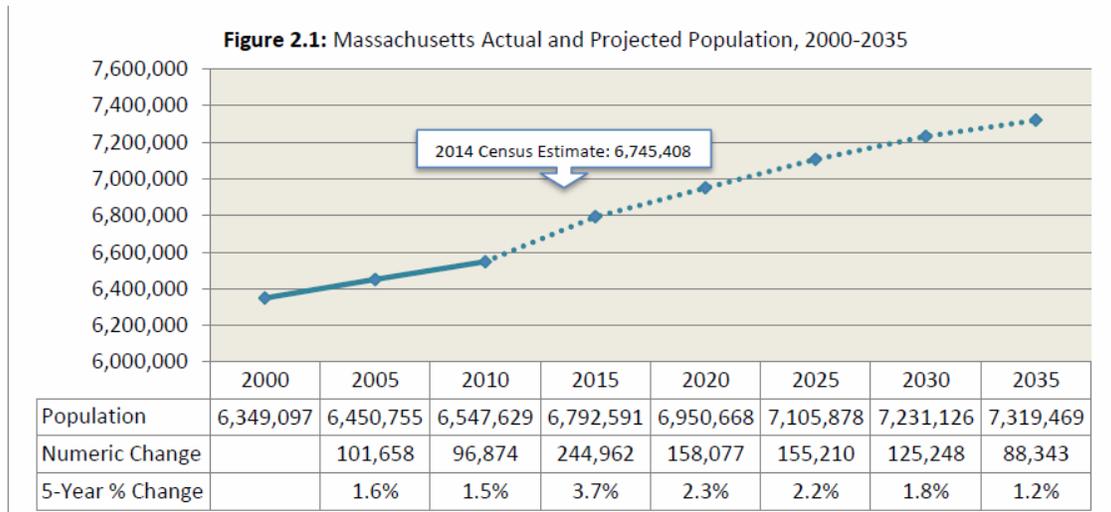


Figure 2 - From an excerpt from: “Long-term Population Projections for Massachusetts Regions and Municipalities, Section II. State-Level Summary”

Massachusetts’ population is projected to reach up to 6.95 million by 2020, per data from the UMass Donahue Institute (prepared for the Office of the Secretary of the Commonwealth of Massachusetts). The state has an unemployment rate of 3.7%, according to Bureau of Labor Statistics data.

In July 2017, the Massachusetts legislature passed House Bill H.3818 *An Act to Ensure Safe Access to Marijuana*, as a culmination of several other pieces of legislation as an emergency law for the immediate perseverance of public convenience. The Governor signed it into law on July 28, 2017, as Chapter 55 of the Acts of 2017.

There have been several setbacks in the implementation of adult use marijuana in the Commonwealth, including Senate Bill 2524, which moved licensing and operational deadlines for implementation of Chapter 94G to dates in 2018 and later.

**“According to the DOR analysis, in the first 12 months of the program, Massachusetts could expect to see between \$45 million and \$83 million in tax revenue from the sale of recreational marijuana – with an estimated \$64 million in the middle of that range. In the second year, Massachusetts could expect tax revenue between \$93 million and \$172 million, on sales ranging between \$707 million and \$1.3 billion.” - Boston Business Journal, March 2017.**

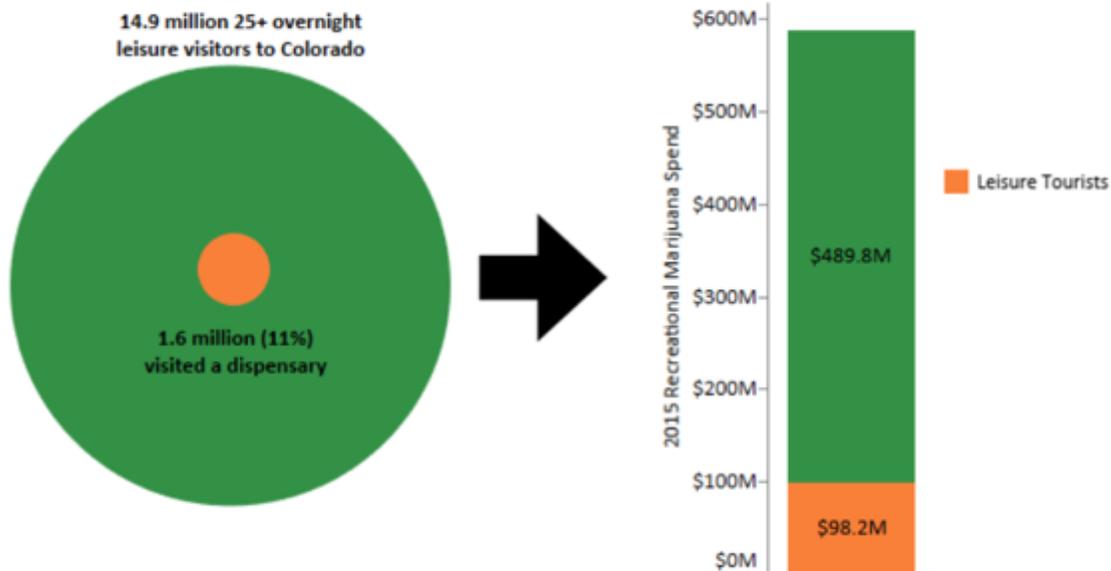
### Projected Consumer Base

Massachusetts population is ~6.8 million residents and ~5.1 million or ¾ of the population are 21 years of age and older, making them eligible consumers.

Per the Massachusetts Office of Travel and Tourism, 25 million people visited the state and spent more than \$20 billion in 2016. Those figures are likely to increase exponentially with the implementation of Chapter 94G and the regulation of adult-use marijuana. In comparison, Colorado had three times as many tourists in 2016 according to the Colorado Tourism Office who spent ~\$19 billion. Assuming Massachusetts tourists spend more than Colorado tourists (based on predictive market research), one can conservatively posit that if roughly 10% of the state’s 25 million annual visitors or 2.5 million tourists also purchase adult-use marijuana, state taxable sales revenues from travelers will increase in the billions.

In 2015, 1.6 million tourists or approximately 11% of the total 14.9 million overnight visitors to Colorado visited a dispensary, according to data published by Marijuana Business Daily. If those figures hold true for Massachusetts, based on conservative estimates of 10% of tourists purchasing marijuana in the first year, with a consumer base of up to 5.1 million residents and an estimated 2.5 million+ tourists, the market will likely see the same year-over-year growth that has occurred in other adult-use markets.

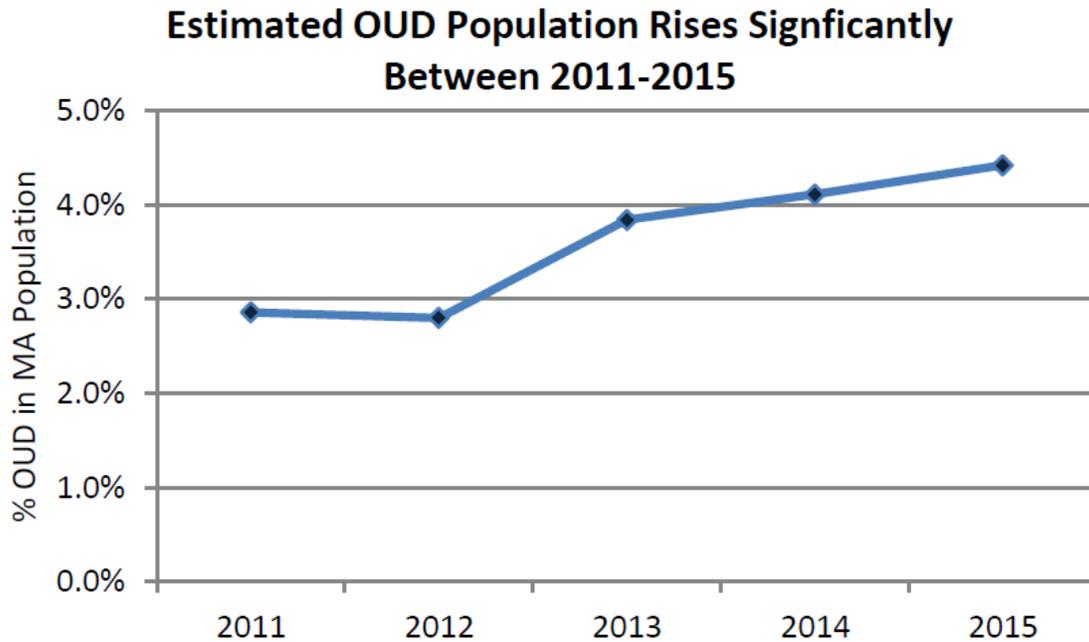
#### Snapshot of Tourist Spending on Recreational Marijuana in Colorado: 2015



Source: Marijuana Business Daily, Longwoods International, Strategic Marketing & Research Insights (SMARI)  
 © 2016 Marijuana Business Daily, a division of Anne Holland Ventures Inc. All rights reserved.

Figure 3 - "Snapshot of Tourist Spending on Recreational Marijuana in Colorado: 2015" published in Marijuana Business Daily

Based upon available data, one can deduce that adult-use marijuana, like medical marijuana, will help combat Massachusetts’ opioid abuse problem, offering a safer alternative to addicting and debilitating prescription and non-prescription opioid-derived substances. Opioid-use disorder (OUD) and opioid overdoses, both those resulting in death and those that users survive, have exponentially increased in the Commonwealth.



*Figure 4 - Graphic published by the Massachusetts Department of Public Health in "An Assessment of Fatal and Nonfatal Opioid Overdoses in Massachusetts (2011-2015)"*

As shown in Figure 4, opioid use has risen to more than 4% of the state population or roughly 272,000 residents. Because of that increase, the state’s opioid-related overdose deaths have more than doubled to nearly 2,000 deaths in 2016. According to the state Department of Public Health (DPH), “Nationally and in Massachusetts, fatal opioid-related overdoses have dramatically increased since 2000. In May 2017, DPH reported that there were at least 1,933 confirmed opioid-related deaths in Massachusetts during 2016. In comparison, there were just one-fifth as many confirmed opioid-related deaths (338) in 2000 (internal references omitted).” CB anticipates that a portion of its projected consumer base will be consumers seeking an alternative to opioids.

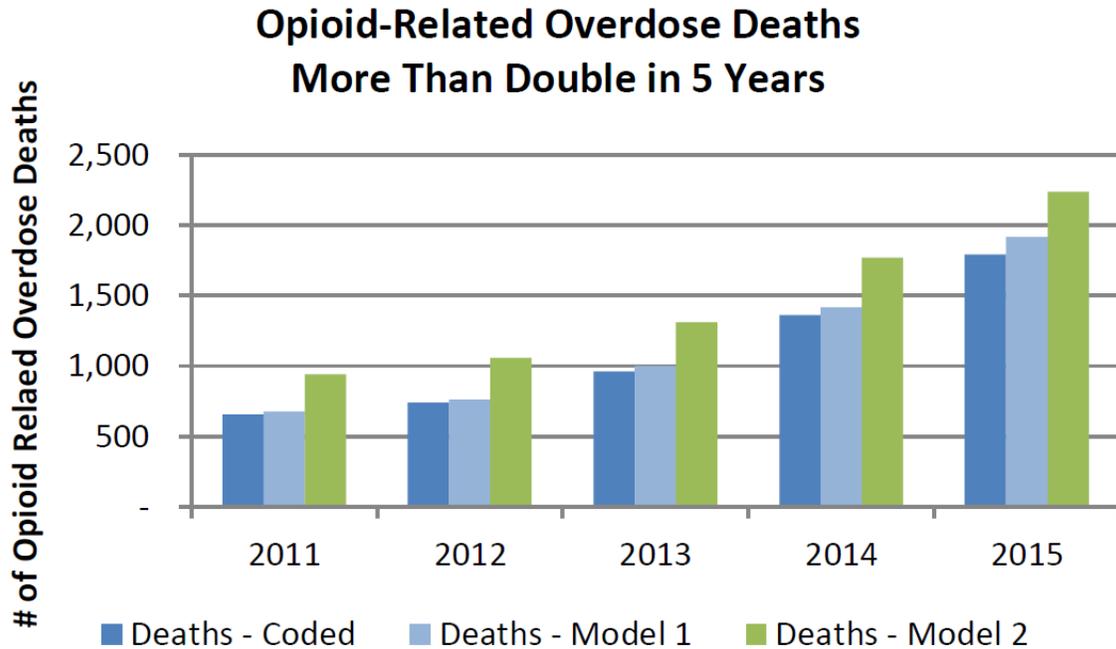


Figure 5 - Graphic published by the Massachusetts Department of Public Health in "An Assessment of Fatal and Nonfatal Opioid Overdoses in Massachusetts (2011-2015)"

### Maturity of Industry

The adult use market in Massachusetts is actively developing. As a processor, CB will be dependent upon a steady supply of raw marijuana to create finished marijuana products. The adult-use market will build upon the strong foundation set by the Commonwealth’s medical program and ease the strains induced by the transition.

Massachusetts has a still-developing medical marijuana program with 15 registered marijuana dispensaries (“RMDs”) state-wide. According to Mass.gov, the state’s web portal, in a report titled “Medical Use of Marijuana Program by the Numbers,” as of October 31, 2017, there were:

- 15 RMDs open for sales
- 42,361 active patients
- 4,456 active caregivers
- 210 registered physicians
- 46,814 active physician certifications

While these figures represent recent increases in the number of RMDs open for sales, the state took in approximately \$7.2 million in revenue in 2016, a dramatic increase over the \$3.8 million the state made in 2015, according to an article published by Marijuana Industry News in April 2017. This growth demonstrates that the medical marijuana industry in the Commonwealth is just beginning to develop and will continue unfolding.

Nationally the medical marijuana market is maturing, yet still swiftly growing, and poised for more robust growth ahead. In addition to the seven adult-use markets that all have existing medical programs, 20 other states have medical programs, and many have

highly-restrictive or impractical limited medical, CBD-only, or decriminalization laws on record. That leaves only 2 states with no regulated cannabis industry in some form.

## Forecasts

There are some more mature, but still surging markets in states with long-established programs like Colorado, California, Washington, and Oregon. States with newer or smaller programs have seen their patient numbers and sales totals rapidly expand in the last year such as New Mexico and Arizona, and additional markets are emerging as more states approve marijuana in various forms. Pennsylvania and Ohio application periods recently passed, as well as Arkansas. Florida continues to struggle to develop its program, however as of 2017 the total U.S. states with comprehensive marijuana programs is 35, representing more than half of the nation. Eight states and District of Columbia have legalized adult use marijuana, with Massachusetts and Maine in the Northeast becoming the most recent additions to that list, while Nevada and California are set to dominate the west coast markets after their legalization initiatives passed in 2016.

Consumer spending on medical marijuana has remained stable with steady incremental increases, while adult-use has grown exponentially and is projected to quadruple in a span of less than a decade, as shown in Figure 1.

With the Massachusetts population at ~6.8 million residents and ~5.1 million or  $\frac{3}{4}$  of the population are 21 years of age or older, making them eligible or potential consumers. Colorado has seen population increases every year since legalization of adult-use marijuana in 2012, according to data published the Denver Post. Massachusetts can expect to see similar population and therefore consumer base increases.

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## Regulatory Issues

While Massachusetts is poised to become a dominating adult-use market on the East coast, a variety of regulatory issues remain before that can happen.

### Competitive Licensing and Licensing Lottery

Until July 1, 2018, licenses will be issued to applicants who have the most experience operating medical marijuana treatment centers and then by a lottery among qualified applicants. After July 1, 2018, the competitive application process will cease and the CCC will issue licenses by lottery among qualified applicants. The randomization of the application process by lottery poses even greater risk than the challenges of a competitive application process.

While all businesses are influenced by regulation to some degree, the Massachusetts adult-use marijuana industry will be particularly affected by government regulation as dictated by the CCC. There may also be additional local regulations and zoning restrictions imposed in certain cities and municipalities.

## Ownership, Licensing, and Employees

CB must complete a marijuana establishment license application, submit the application fee (\$300), and receive host community approval of the proposed location for the CCC to issue the license within 90 days of submission.

As is common in other jurisdictions, Massachusetts prohibits owners and controlling persons of marijuana establishments if they are felons or have committed crimes that would qualify as a felony in the Commonwealth. Regulators work diligently to ensure that only the most upstanding citizens are given the privilege of operating a highly-sought after marijuana establishment. All members of CB management and leadership are leaders in their respective communities with a long history of business success and community involvement.

## Facilities and Locations

A marijuana establishment may only produce and process marijuana in an enclosed, locked facility located at an approved physical location within the Commonwealth of Massachusetts. A marijuana product manufacturing facility may not be located within 500 feet of a pre-existing public or private school at the time of application and must be equipped with all the standard security equipment required in other jurisdictions, such as secure entrances, video surveillance equipment, and perimeter security fencing to prevent unauthorized entry to the facility.

The location of CB's production facility will comply with all local zoning restrictions, including the distances the municipality may require the facility to be from other marijuana businesses, certain residential areas, any schools, public parks, churches, and community centers. The company will obtain evidence of approval from local officials and submit that with the license application, as to the applicant's compliance with local zoning laws for the physical address to be used by the proposed marijuana manufacturing facility.

## Manufacturing and Manufacturing of Concentrates and Extracts

CB intends to extract marijuana cannabinoids using CO<sub>2</sub> as a solvent and will ensure all procedures comply with extraction regulations set forth by the Commonwealth.

## Product Testing

The CCC will license marijuana testing facilities capable of testing marijuana and marijuana products for potency and contaminants. CB will establish a relationship with an accredited laboratory to sample and conduct tests of the marijuana products they manufacture. The company will absorb the expenses associated with testing its products for safe distribution to the public, including ensuring that no marijuana will be transferred or sold unless it is sampled and meets the testing standards set forth by the CCC. Depending on the type of product, these standards will likely include testing for residual pesticides, degradation compounds, microbiological contaminants, mycotoxins, water activity and moisture content, potency, and cannabinoid concentrations (including THC, THCA, CBD, and CBDA), and residual solvents (if applicable). Each process lot will be assigned a unique batch number for testing purposes that will enable the

company can track all manufactured product from raw materials to finished products to facilitate regulatory compliance and recalls procedures.

If the sampled batches fail any testing requirement, it may be eligible for reanalysis, remediation, or sterilization, if included within the forthcoming CCC regulations. However, if remediation or sterilization is not permissible or obtainable, the batch will be disposed of in accordance with regulations regarding disposal.

### Advertising, Packaging and Labeling

The CCC regulates advertising, marketing, packaging, and labeling of marijuana and marijuana products at marijuana manufacturing facilities and CB will comply with all regulations. CB will check all advertising, marketing, packaging, and labeling materials for compliance prior to distribution and will maintain records of all materials distributed.

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## Supply and Distribution

CB's location will enable the company to distribute its products to marijuana retailers throughout the state and conveniently receive raw marijuana for manufacturing from cultivators and craft marijuana cultivator cooperatives. CB will distribute their manufactured marijuana products to marijuana retailers throughout the Commonwealth of Massachusetts. CB will not deliver direct to consumers.

CB anticipates significant demand for the high-quality and exclusive marijuana products it will develop, as the products will be precisely formulated with distinct cannabinoid and terpene profiles and will effectively provide consistent consumer experiences with each use. A primary focus of the company's product development efforts will be on working with researchers and consumers to identify and produce the most efficacious cannabinoid combinations in marijuana products to meet consumer demand. The company's planned state-of-the-art production facility and the innovative technology it will utilize to create unique product formulations will allow it to produce the highest quality products for consumers at the most competitive price and maintain complete quality control. Given the expected demand for the company's products, CB anticipates capturing significant market share of licensed marijuana retailers across Massachusetts.

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## Financial Considerations

CB will be required to pay an application fee of \$300 to the CCC to apply for a marijuana product manufacturer license. CB will also secure a surety bond in the amount of \$5,000 payable to the Marijuana Regulation Fund to ensure payment of the cost incurred for the destruction of cannabis goods necessitated by a violation of St. 2016, c. 334, as amended by St. 2017, c. 55 or 935 CMR 500.000 or the cessation of operation of their manufacturing facility. *935 Mass. Code Regs. § 500.105(16)(a)*. This

bond will be issued by a corporate surety licensed to transact surety business in the Commonwealth. *935 Mass. Code Regs. § 500.105(16)(b)*.

The law applies state and local sales tax on the retail sale of marijuana from a licensed marijuana retailer to a consumer. As a licensed marijuana product manufacturer, the company may also be required to pay an excise tax of 10.75% on the sale of marijuana products to marijuana retailers.

In addition to those licensing fees and likely tax requirements, there are two specific and unique financial factors the company will have to consider when operating a marijuana business in the state of Massachusetts: 1.) the company's ability to access banking, and 2.) the inability of the company to deduct normal business expenses from its tax burden due to IRS section 280E.

### Banking Access

Marijuana businesses are technically restricted from depositing money in banks because of federal banking laws, making access to traditional banking a factor that must be considered. This is not an insurmountable problem, however, as many marijuana businesses in Colorado, Oregon, and Washington already have accounts with established banks and credit unions. The key is that they are small, local, state-chartered institutions with unrecognizable names, not national brands like Chase or Bank of America.

The Financial Crimes Enforcement Network (FinCEN), the Treasury Department bureau that fights money laundering, reports that 266 depository institutions nationwide currently maintain accounts with marijuana-related businesses. In a recent survey of 400 respondents in the cannabis industry, Marijuana Business Daily reported that 40% had bank accounts.

So, while it remains illegal on a federal level, the company should be able to secure access to banking. However, it remains an issue that must be handled delicately and closely monitored, even as progress is made. The Senate Appropriations Committee approved an amendment to the Financial Services and General Government Appropriations Bill in June 2016 that would prevent the spending of federal funds to prohibit or penalize banks and other financial institutions for providing services to state-legal marijuana businesses. This is intended to ease the access to banking for state-compliant cannabis businesses, as financial institutions will be able to work with them without the fear of federal penalties. The House did not pass the measure, but it is expected to be reintroduced in 2017 with even more popular support behind it.

Since CB will likely be dealing with significant amounts of cash as it conducts normal business operations, the company must be aware of IRS Form 8300. Federal law requires the company to report to the IRS and FinCEN any cash transaction more than \$10,000 because of a single transaction or two or more related transactions, using Form 8300.

## Unusual Tax Burdens

Excise tax for marijuana was raised in July 2017 from 3.75% to 10.75%, combined with a state sales tax rate of 6.25%, adult use marijuana will be taxed at a total rate of 17% in Massachusetts. In addition, municipalities may levy up to an additional 3% tax to sales. Even with the increase, the Commonwealth has one of the lowest marijuana tax structures in the nation, which has been cause for concern to the CCC and the public in whether the new program will be financially self-sufficient.

The tax disparities for excise taxes are as follows: MA is 10.75% vs. CO 29%, Washington 37%, Oregon, and Alaska 25%. According to the Boston Business Journal, who reported that the low tax rate is speculated to help eliminate the black market for first few years, the state may consider increasing the tax once the industry is established. This is in stark contrast to the other adult-use states referenced, Colorado, Washington, Oregon, and Alaska each of which have successfully implemented adult-use programs with incredibly high excise tax rates and still have virtually eliminated the black market in those states.

Even though the State of Massachusetts may allow licensed and authorized marijuana businesses to take deductions on state returns, many marijuana businesses cannot deduct significant indirect expenses such as payroll, rent payments, utility bills, advertising, etc., on their Federal income tax returns. Section 280E is the federal income tax code clause responsible for restricting marijuana businesses from claiming standard deductions, forcing them to pay taxes on a much larger percentage of their revenues than non-marijuana businesses with the same earnings and costs.

The provision, enacted in 1982 and still enforced by the IRS today, bans all tax credits and deductions from the illegal “trafficking” of Schedule 1 narcotics. This unusual tax burden must be taken into serious consideration, as it could be a crippling factor for a company not prepared for it.

The tax situation is notably better for cultivators and manufacturers. Marijuana retailers engage primarily in the sale of marijuana products, while cultivators and manufacturers only assign small percentages of their operating expenses to the actual sale of marijuana. The wording of the tax laws and their interpretation since states began to legalize marijuana has allowed businesses to deduct the expenses of wholesale marijuana, extractions and infused products, and the expenses related to cultivating and manufacturing these products. The heavier tax restrictions only kick in when the business sells the marijuana product.

Because a cultivator or processor can deduct all costs “incident to and necessary for production or manufacturing operations or processes,” the company should be able to avoid the debilitating effective tax rate incurred by retail-only businesses. This will allow CB to deduct the cost of manufacturing facility employees, electricity, facility repairs, facility improvements; extraction, manufacturing, and manufacturing supplies (e.g. extraction equipment, laboratory equipment, etc.); packaging, license fees, and insurance. These deductions are only allowed for businesses that deal exclusively in the

production of marijuana products, not marijuana retailers that focus on the sale of marijuana products.

The company will still have added tax burdens specifically related to marketing, administration, and sales costs for its production facility, which will not be deductible since these expenses are directly related to the sale of the product. This is an unusual tax burden that currently only applies to the marijuana industry. CB will still be able to deduct the depreciation on equipment and the other operating expenses outlined above like any other business. The company will comply with all laws and requirements set forth by the IRS and the State of Massachusetts for both reporting and the filing of applicable tax documents.

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## Operations

### Products and Services

CB will produce the highest quality marijuana products from its extraction and manufacturing facility. The active compounds in the marijuana (cannabinoids and terpenes) will be extracted from harvested flower and marijuana plant materials and used to produce a pure, high-grade, concentrated oil base product. CB will develop relationships with licensed marijuana cultivators and craft marijuana cultivator cooperatives to purchase high-quality, preferably organic, marijuana for use in manufacturing marijuana products.

The concentrated oil base product will be used to infuse and manufacture a wide variety of marijuana products, such as capsules, tablets, lotions, topicals, tinctures, oral sprays, and infused oil cartridges that can be easily vaporized. These products will be sold wholesale to licensed marijuana retailers throughout Massachusetts. CB will offer delivery of finished products to marijuana retailers. CB intends to locate their facility in an area that allows for easy distribution throughout the state.

The company will also offer educational services to consumers, wholesale marijuana retailer clients, healthcare providers, and the public. Consumers will also have access to a multitude of secondary service offerings. There will also be company sponsored meetings, as well as educational seminars about marijuana products, including which strains, products, and cannabinoid ratios are best suited for specific desired outcomes. Industry experts and physicians will speak to the community, giving consumers the opportunity to learn pertinent information about marijuana and its byproducts, consumption methods and effects, and the evolving regulatory schematic both locally and nationally.

### Products

CB recognizes that the needs of consumers vary from market to market and that certain product types may be especially popular in one market and sell poorly in another market. As data analytics and software systems improve, the company will be able to

capture more and more relevant data to drive product manufacturing decisions. Initially, CB proposes to manufacture CO<sub>2</sub> extracted cannabis oil and oil distillate in vaporizer cartridges. CB may eventually pursue additional manufacturing activities and extraction methods, but they feel that the popularity of vaporizer cartridges and their own understanding of the process will form a solid foundation on which to explore other areas.

### CO<sub>2</sub> Extractions

CO<sub>2</sub> extractions use pressurized CO<sub>2</sub> to separate the active chemical compounds (cannabinoids and terpenes, such as THC and CBD) of the plant from the rest of the plant itself. This process allows for controlled formulations and higher cannabinoid levels than those found in raw flower.

### Vaporizer Cartridges

CB will initially offer a line of vaporizer cartridges filled with CO<sub>2</sub> extract from different input strains of marijuana. Vaporizers and other devices that allow consumers to easily inhale cannabinoid vapor from concentrated oils or other extracts have become popular options for using marijuana (medical or adult-use). Discreet handheld/portable vaporizers that use pre-filled disposable oil cartridges have begun to dominate the market. CB believes that these inconspicuous and easy-to-use vaporizers and cartridges will be extremely popular among Massachusetts consumers and plans to manufacture pre-filled disposable oil cartridges if permitted by the CCC.

### Branded Merchandise

Items that feature the company logo, including, but not limited to: clothing, hats and caps, other wearable accessories, such as sunglasses, and branded portable vaporizer batteries are among the obvious branded merchandise opportunities that CB will consider and/or pursue. CB is coordinating with Jekyll+Hyde Brand Builders to develop the company's branding and ensure an effective branding message that will carry the company's reputation into the future for many years to come.

### Services

#### Product Delivery

The CCC has yet to determine the specific details related to product delivery, however it is anticipated that the company will offer delivery to marijuana retailers of extracts, concentrates, and other marijuana products. As stated previously, CB intends to locate their facility in an area that allows for the easy distribution of products anywhere within Massachusetts.

#### Educational Services

Consumers will be more likely to purchase products that marijuana retailer employees feel comfortable explaining and recommending to end user consumers. CB's educational services will ensure that employees of retail dispensaries carrying CB's products can answer any questions consumers may have regarding those products.

Upon request, a CB representative will travel to any marijuana retailer that stocks the company's products to explain how the products are manufactured; demonstrate how the products should be used; explain recommended dosing; discuss the type of consumers that may benefit from the products; and, answer any questions marijuana retailer agents may have about the products. These sessions will be recommended to dispensaries that are new to CB's products and to existing customers whose employees may need a refresher session. If a new product is released to the market, all dispensaries ordering the product will be urged to schedule an educational session for details on the new product. In addition to providing a valuable service to customers, CB's educational services will serve to promote the company's brand.

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## Equipment

### General

A state-of-the-art, automated climate control system, including reliable ventilation and a cooling system, will be key to maintaining the necessary temperature and humidity requirements needed to protect the integrity of the company's raw materials, extracted oils, and final manufactured products. Therefore, CB will install sophisticated and robust air conditioning systems, with the necessary automated climate control features and ventilation, during the buildout of the marijuana product manufacturing facility. This type of system is essential to mitigate the potentially warm and humid climate of Massachusetts during the summer months, particularly in July and August and frigid winters that the East coast is known for.

### Extraction & Manufacturing Equipment

CB will utilize state-of-the-art, industry-standard equipment in the company's extraction and manufacturing operations. In consultation with industry experts, the company has selected an assortment of industry-standard equipment that meet the high-quality control specifications set forth by the company.

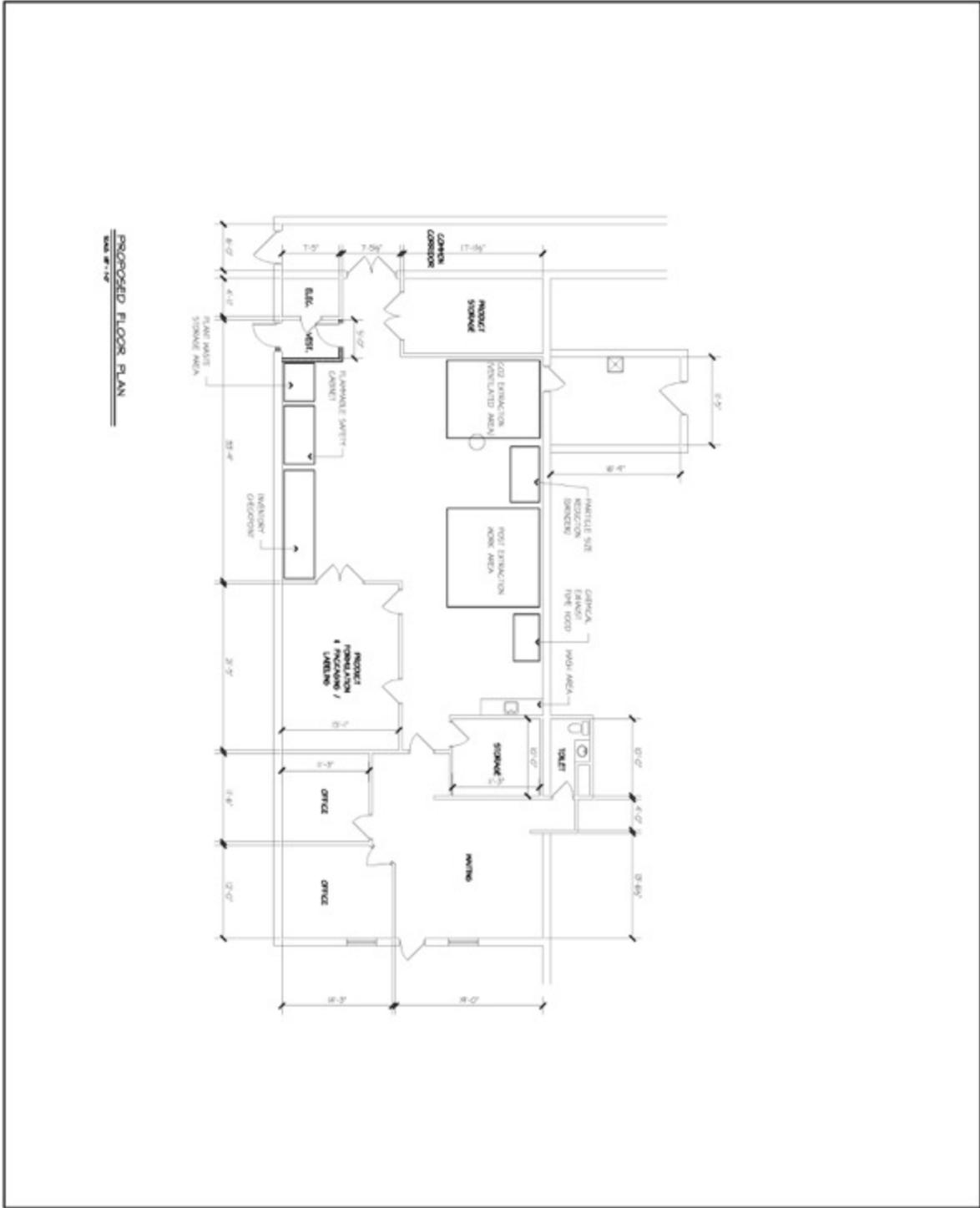
### Testing & Screening

CB intends to perform internal product testing for cannabinoid/terpene profiles and potency in-house, utilizing state-of-the-art equipment like those manufactured by Shimadzu. This in-house testing and screening QA process will ensure the purity and proper formulations of all the company's products before they are sent for third-party testing made available for sale to marijuana retailer clients.

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## Facility

CB Concentrates has secured a property for the proposed manufacturing facility at 325 Ayers Road, Harvard, MA. The company has also developed a floorplan for the proposed facility which is included below.



<p><b>Coil Brothers Concentrates LLC.</b></p> <p>325 Ayer Road Harvard, MA</p>	<p>Reservation</p>  <p><b>JFA</b></p> <p>Johnson Associates Inc. Architects • Design • Planning</p> <p>2 New Lane • Boston, MA 02114 617-552-3300 • www.jfa.com</p>	 <p><b>McCarty M Composites</b></p> <p>1000 W. CENTURY ST. CONCORD, MA 01742 413-235-1100 • www.mccartym.com</p>	<p><b>PROPOSED FLOOR PLAN</b></p> <p>JOB No.: 18160</p> <p>FILE: JAF</p> <p>DATE: 08-28-2018</p> <p>SCALE: 1/8" = 1'-0"</p> <p>SHEET IDENTIFICATION:</p> <p style="font-size: 2em; font-weight: bold;">A-1</p>
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## Security

CB's facility will comply with all security requirements set forth in *935 Mass. Code Regs. § 500.110*. CB will implement appropriate security and safety measures to deter and prevent the unauthorized entrance to areas containing marijuana, usable marijuana, and marijuana waste, as well as production and manufacturing areas, known as restricted access areas. Entry into restricted access areas will be limited to authorized personnel. The facility will have a technologically advanced security alarm system to protect against theft and diversion that will use an electronic controlled access system.

Only employees possessing a valid registry identification badge (along with a corresponding state-issued ID) will be allowed by the Security Guard to pass through a secure, electronically locked door and enter the restricted access area of the facility. Key card tracking will record facility personnel access by door and date/time. Employees will only be given electronic key card permission to enter areas necessary to complete their required duties. For example, manufacturing employees will only have access to manufacturing areas of the production facility and administrative or other personnel will not have access to manufacturing areas of the facility, unless necessary to complete job duties.

The security system will feature a silent security alarm system signal, known as a duress alarm, generated by the entry of a designated code into an arming station to signal that the alarm user is being forced to turn off the system. Intrusion detection will be present at all entrances and exits, rooms with exterior windows and walls, roof hatches, skylights, and storage rooms. It will also feature an audible security alarm system signal, with panic alarm buttons located throughout the facility, especially in high-risk areas. These buttons can be manually activated by employees to alert law enforcement to a life-threatening event or emergency. There will also be a holdup alarm, which is a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress.

Discreetly placed indicator lights will confirm for the employee that the signal was sent. Indicators in restricted access areas will alert other employees that an incident has occurred. Employees will be issued wireless, portable, emergency police call devices that can be clipped to a belt or worn on a lanyard.

Other than employees, the only other permitted visitors to the restricted access areas will be company security and administrative personnel in the capacity of their job duties, authorized personnel of the CCC, individuals accompanied by authorized CCC personnel, and approved vendors or service personnel.

Interior cameras with complete 360-degree coverage will provide 24-hour video surveillance and record all activities and areas inside the facility at all times, as well as all parking lots and all points of entry and exit. The CCC will can monitor the live video feed at all times via the closed-circuit television surveillance system. Surveillance recording equipment and recordings will be housed in a designated, locked, and secure location to prevent theft, loss, destruction, corruption, and alterations. Recordings will be

kept for a minimum of 180 days in a format that can be easily accessed for viewing to support any pending investigation or law enforcement inquiry.

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## Health and Environmental Concerns

CB will be a responsible and conscientious member of its community, dedicated to its improvement and attentive to the issues facing the people who live and work in Massachusetts. The company will develop a compliant waste management plan to dispose of all waste and chemicals safely and thoroughly produced because of extraction, manufacturing, and manufacturing operations. The company will have an evolving and comprehensive security plan, which will ensure the safety of the production facility, all employees, all cash on hand, valuable raw material, and the complete inventory of finished products. Preventing and actively discouraging non-compliant and criminal activity is a high priority for CB.

All company personnel will be professionally trained in emergency preparedness to ensure that they are equipped to appropriately respond to emergency situations should they occur. CB will do everything it can to be prepared for when emergency situations may occur. However, the company is aware that factors beyond its control may influence or directly impact its business. To lessen the potentially negative impact of these issues, it has identified certain areas that present the greatest potential risk.

### Health Concerns

The safety of the facility's employees is of supreme importance to the company. The agriculture and manufacturing industries have relatively high employee safety risks due to potential exposures to chemicals and heavy machinery, therefore CB will be proactive and extremely thorough in training to lessen the possibility of potential injury.

Health and Environmental Working conditions will not only meet but exceed the standards established by OSHA, state, and local laws. The company will have a dedicated Safety & Quality Assurance Officer who will be responsible for developing and implementing strict safety protocols before operations begin and training all employees in safety concerns relevant to their position. Employees will be required to wear proper clothing and the appropriate personal protective equipment (PPE) necessary for their specific duties. Examples include sterile nitrile gloves, surgical facemasks, and hairnets.

Employees will be required to have a complete knowledge of all relevant Massachusetts laws and regulations before commencing employment at the facility. Employees will be required to pass a test verifying their knowledge of Massachusetts laws and marijuana program regulations prior to hire, and will participate in continuing education classes every six months to ensure that they remain up-to-date with current regulations.

Employees will also be thoroughly trained in all the company's detailed Standard Operating Procedures (SOPs). This thorough SOP training, in conjunction with required employee knowledge of all applicable state regulations, will help ensure that all marijuana, marijuana extractions and infused products manufactured at the production facility are:

- Free of pests, microbiological contaminants, toxins, pesticides, non-organic nutrient residues, and all residual solvents.
- Properly labeled to strength of active ingredients and exact cannabinoid profile/ratios; and
- Pure and safe to consume.

The company's primary objective will be to produce pure and unadulterated marijuana and marijuana products. This will be achieved through preventative measures, including:

- A written quality control and quality assurance program, established to protect patient health;
- Proper sanitation, scrupulous clean room operations, utilizing closed loop extraction systems, and controlling for heavy metals;
- Limiting human traffic and transport, and enforcing clean room and general hygiene protocols; and
- Ensuring the extraction laboratory and kitchen area meet or exceed all Massachusetts Cannabis Control Commission standards
- Regularly scheduled inspection and maintenance of all specialized equipment.

### **Environmental Concerns**

CB will select energy efficient and energy conserving systems for all facility operations and will demonstrate these considerations as part of their application for licensure, per *935 Mass. Code Regs. § 500.105(15)*. The company's production facility will feature solar panels and other renewables to allow for reduced electric and overall production costs while also decreasing the facility's environmental impact. Standard Operating Procedures (SOPs) will be established by the company to alleviate other potential health and environmental concerns by ensuring that all waste and chemicals are properly and safely disposed of in accordance with all local and state laws, and that all water is recaptured and not released into public drains.

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### **Contingency Plans (Business Continuity Plans)**

In case of an emergency or traumatic event, CB will ensure that all staff members at its manufacturing facility are fully trained and prepared to responsibly act and notify the appropriate entities. The company will enact an emergency action plan, providing employees with clear guidance via expert-run training classes and reading material, which will address any potential emergency that company employees might encounter.

The emergency action plan will serve to outline procedures for handling of emergency situations. This document is designed to provide a formal outline of the procedures the company shall follow to ensure the safety of all personnel in an emergency. The Chief Compliance Officer shall ensure an up-to-date emergency contact list is visibly posted in key areas throughout the production facility including:

- Management contacts
- Police department
- Fire department
- Massachusetts Department of Public Health
- Office of Preparedness and Emergency Management
- Paramedics
- Poison control center
- Hazmat response
- First aid assistance
- Emergency facility maps which contain the following information:
  1. Emergency exits – two exits must be identified
  2. Primary and secondary evacuation routes
  3. Location of fire extinguishers – code compliant
  4. Meeting assembly points – two points must be identified

Employees will be required to report the following type of emergencies to management and appropriate first responders immediately: medical emergencies, crime, fire, severe weather, bomb threats, chemical spills, and extended power loss. In the event of a non-emergency, non-violent crime or suspicious activity, employees will be trained to immediately notify management and involve the authorities, when appropriate.

Severe weather, including tornadoes, damaging winds, and hail, is a potential threat in Massachusetts. Employees will have a specific directive and tornado management plan to ensure the safety of all personnel, the facilities and the items contained therein. Due to the threat of severe weather and the possibility of power loss, the facility will have a reliable backup power generator to ensure security systems do not fail, precise temperature and humidity storage requirements are maintained and that live plants, sensitive raw materials, extractions in various stages of the production process and final products are not damaged in any way.

In the event of a medical emergency, employees will always contact 911 and provide detailed information about the nature and location of the emergency. Though all staff will be trained in emergency preparedness, only a few staff members will be trained to administer CPR. During business hours, at least one staff member who is trained to administer CPR will be on site.

## The Team

CB has assembled an incredible team to pursue operations in Massachusetts whose individual experience is summarized below:

### **Matthew Zipoli, M.D.**

**Founder and Chief Executive Officer / Chief Compliance Officer**

Matthew Zipoli, M.D. graduated from Tufts University and received his medical degree from Boston University School of Medicine. Following an internship in internal medicine at UMass Memorial Medical Center, he trained in the department of dermatology at the University of Minnesota, where he served as the program's chief resident. Following this residency, Dr. Zipoli was a fellow in Mohs micrographic surgery, surgical dermatology, cosmetic dermatology, and laser therapy at UC San Francisco. Dr. Zipoli has worked at Dermatology Associates of Concord, Inc. since 2004 and is excited to work in the cannabis industry as part of CB.

### **John Goll**

**Founder and Chief Financial Officer**

John Goll is the President of Goll Insurance Agency Inc. which has been in operation since 1997. John has built his agency into one of the most prominent insurance companies in Boston and is excited to bring his expertise to CB and the cannabis industry.

### **Rory Fazendeiro, JD**

**Founder and General Counsel**

Rory Fadenzeiro is a versatile, business-oriented lawyer with a diverse practice focused on corporate and real estate transactional matters and litigation. He has significant industry experience working with clients in a number of different areas, including commercial real estate, construction, technology, health care, financial services, and sports/entertainment. Rory is a shareholder at Adler, Pollock & Sheehan P.C. in Boston and is excited to bring his expertise to bear for CB and the cannabis industry.

### **Matthew Brace**

**Founder and Chief Operations Officer**

Matthew Brace is an accomplished sales, marketing, and project manager with experience in relationship building, customer service, procurement, and new business development. Matthew spent years working as a salesman for both startups and large corporations and, over that time, developed his unique perspective on all aspects of sales, marketing, management, and business development. Matthew was working as a consultant in the stone industry when he was diagnosed with Necrotising Pancreatitis. During treatment, Matthew was in a coma for 21 days and spent months in the hospital and in rehab. Miraculously, he survived this process and, when faced with the prospect

of spending the rest of his life taking opioid painkillers, he decided to get his medical marijuana card in Massachusetts with the support of his pain management team. Thanks to medical marijuana Matt is mostly pain-free and does not take any opioids. While Matthew has been an advocate for medical marijuana for many years, this personal experience has made him determined to support marijuana and transition his considerable skillset to this industry.

### **Carolyn Burek** Chief of Extractions and Formulations

Carolyn Burek is the owner and operator of METTA Research & Design, LLC where she consults with cannabis businesses in designing cannabis extraction facilities. She has a Masters Degree in Biochemistry and has previously worked in cellular and molecular biology, biofuel technology, and developmental biology. After over four years of research in various fields of study, she was first introduced to the cannabis industry working for a Marijuana Infused Production (“MIP”) facility in Denver, CO. She played an integral role in the design of the facility, purchasing all required equipment, implementing all regulatory compliance standards, creating all standard operating procedures, directing and leading the extraction team, and continuing all research and development projects for the company. As part of this process, she learned to operate and perform supercritical CO<sub>2</sub> cannabis extractions as well as post-extraction refinement and distillation techniques.

Carolyn now applies this experience to her work at METTA Research & Design, LLC. To date, she has worked on license application, facility design, and product formulation projects in Colorado, Texas, Pennsylvania, Ohio, Arkansas, Massachusetts, Michigan, California, Nevada, and Arizona. Carolyn is excited to apply her knowledge and expertise to CB’s project in Massachusetts.

### **Andrew Mattison** Extractions Advisor

Andrew Mattison grew up in Florida and graduated from the University of South Florida. Son of a small business owner and landscape architect, Andrew learned an appreciation of gardening from an early age. This appreciation is something he has carried throughout his life. After college Andrew moved to Colorado to work in the restaurant business. While living in Colorado, he started a retail store in Ashville, NC that focused on selling indoor gardening products, such as hydroponic systems, lighting supplies, and nutrients. Andrew’s sister and her husband have since taken over the store, now with four locations throughout North Carolina. While in Colorado, Andrew began working as a general contractor focusing on renovating basements and kitchens.

During his time as a general contractor Andrew had an unfortunate accident while carrying a couch. This accident resulted in two surgeries, physical therapy, stem cell therapy, and countless injections. Despite all of his treatments, nothing was able to reduce the chronic pain he was experiencing. With friends already addicted to opioids,

Andrew refused the painkillers prescribed to him by his treating physicians. Andrew, like many others who have exhausted all other remedies, turned to cannabis to ease his pain.

Nothing was able to completely take the pain away, but cannabis was the most effective form of treatment he experienced. Because of its efficacy, Andrew soon became a believer in the healing and medical powers of the cannabis plant.

In 2014 Andrew began a cannabis extract company in Denver, Colorado. This company, Luminescence Labs, specializes in making different forms of concentrated cannabis used in edibles and for vaporizing. Shortly after starting Luminescence, Andrew began researching the healing properties of other cannabinoids, particularly CBD.

At about the same time, Andrew reconnected with an old college friend that ran an organic hemp farm just outside Denver. Seeing the opportunity, Andrew immediately contacted his good friend, and sales aficionado Jack, to discuss the idea of starting a CBD company. They were soon off to the races, starting Saving Grace Oils, producing the very best and strongest CBD oil on the market. This new venture focuses on the healing properties of cannabis, specifically CBD from whole-plant hemp. Andrew looks forward to bringing the countless benefits of CBD to people around the world.

### **Jack Studebaker** **Extractions Advisor**

Jack Studebaker, co-founder of Saving Grace Oil, has a deep-rooted love and respect for cannabis and he has always held the belief that cannabis heals your mind, body, and soul. Over the past 9 years he's come to understand and respect these healing properties in greater depth. With this passion, over 30 years of sales experience, and entrepreneurial spirit, he knew that the cannabis industry was right for him. During this time, he has heard countless stories of how cannabinoid-based medicine helps people find a path to wellness and is excited to continue this work as part of CB.

### **Zac Hopkins** **Sales Advisor**

Zac Hopkins takes a vision and makes it reality through sound strategy development. He intuitively saw the threads of opportunity within the cannabis industry, helped others extend their thinking, and drove material business advantage to help get a start-up (Isolate Extraction Systems Inc., "IES") off the ground. Respected as a credible voice in the Colorado cannabis industry, he has been successful in finding strategic financing partners, building stable operations infrastructures, and ensuring the long-term success of Isolate Extraction Systems Inc. as an ancillary business to the cannabis industry through consistent sales and growth.

Currently, as the Senior Outside Sales Representative and partner at Isolate Extraction Systems Inc., a privately-held, biomechanical engineering manufacturer, Zac oversees

a sales team of 5 & business development of a 20 million dollar plus organization. He led the successful expansion from \$750,000 in annual sales in 2013 to \$8.1M in 2017 and manages a personal client list of over \$5M that are exclusively THC or CBD wholesaler/retailers in 10 U.S. States, 3 Canadian Provinces, and Puerto Rico. He is now spearheading major strategic shifts towards expansion into S. America & Europe, internal contract processing for essential oils & hops extraction, and IES Brand development.

Previously, as the Sales Director for Tessemae's All Natural, a vegan salad dressing start-up in Maryland, Zac drove the acquisition of market share from Tessemae's largest competitor, repositioning Tessemae's as a recognized and credible player in the natural foods industry and the top selling salad dressing in Whole Foods nationwide. Earlier he rose through the ranks of the fine dining industry in California then Maryland transitioning from service to management.

As a lifelong advocate of alternative therapies that reduce addiction, dependence on pharmaceuticals, and annual deaths, Zac has attended countless town hall meetings, PSAs, and rules/regulations forums to ensure continued education about cannabis and it's future. A car accident in 2014 has shown Zac first hand the positive impact that specifically tailored medicine administered through the endocannabinoid receptors in the human body can have in the treatment & healing from major injuries. Zac comes from a family of growers, specifically his father that owned and operated a successful greenhouse business in the 80s and he has committed his career/life to the cannabis plant and the industry that surrounds it.

Zac holds a Bachelor's Degree in Communication Fine Arts and Minor in Business Management from Salisbury University where he won three national championships with the men's varsity lacrosse team.

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## Essential Roles

### Advisory Board

#### SENIOR ADVISOR

The Senior Advisor supports the strategic direction and financial management of the company. This person will also contribute to the business through expanding sales, creating business development opportunities, mentoring, and leading executives and staff.

#### Business Forecasting - 20%

- Collaborates with executives to create the strategic direction and objectives of the company
- Monitors the market and assesses company needs to guide executive planning

- Offers general business guidance to the CEO and primaries of the company, as necessary

**Financial Management - 25%**

- Coordinates with CEO to review financials and perform ongoing assessments of the company's financial health
- Identifies and researches methods to improve fiscal responsibility
- Champions fiscally responsible initiatives to re-invest in the company, the community, and staff

**Sales/Business Development - 25%**

- Supports and influences the creation of innovative sales and marketing strategies to best serve company and patient needs
- Leverages business network to establish company reputation and identify acquisition, merger, and sales opportunities with other licensed entities and ancillary businesses

**Staff Management - 30%**

- Leads company-wide initiatives while modeling leadership qualities to all staff and executives
- Mentors company leaders
- Schedules meetings and manages advisory board members
- Provides general oversight of training, education, and staff development programs
- Coordinates and allocates resources to effectively achieve company objectives

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**MEDICAL DIRECTOR**

The Medical Director provides medical expertise to the company to guide research and development of products, aid in creation of patient educational materials, and support staff training programs. The Medical Director will advise the advisory board, executives, and company leadership of significant medical and industry advancements relevant to operations.

**Operations Support - 25%**

- Guides the company's focus on the health and wellbeing of patients
- Applies medical expertise and best practices to develop patient care policies and procedures
- Helps create testing and quality assurance standards for all manufactured and dispensed products

**Customer Management - 25%**

- Provides direct consultation to patients in person, by phone or video about types of cannabis products, methods of consumption, contraindications, and side effects
- Develops educational materials for patients and community members to inform them about benefits and side effects of cannabis products
- Advises on dispensing procedures to create the best possible patient flow and experience

**Research and Administrative Support - 25%**

- Researches consumption methods and scientific advancements in the field of cannabis
- Oversees and/or maintains the company's internal library of research and development documentation and findings
- Advises on HIPAA compliance policies, including recordkeeping and staff training

**Staff Training - 25%**

- Creates internal training materials for staff regarding consumption methods and scientific advancements in the field of cannabis
- Advises on company's testing and analysis protocols
- Helps develop testing, quality assurance, operations, and formulation practices and training to protect patient safety and health

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**RESEARCH AND DEVELOPMENT SPECIALIST**

The Research and Development Specialist guides the company's product offerings by developing and overseeing all research efforts in manufacturing settings. Formulating products to achieve maximum therapeutic outcomes while protecting the health and wellness of patients and caregivers are the primary duties of this role.

**Operations Support - 25%**

- Provides direction and guidance to manufacturing operations based upon research
- Advises on development of standard operating procedures for manufacturing.

**Product Development - 50%**

- Assists with the strategic development of the company's manufactured product line
- Engages third parties to provide data or guidance for newly developed products
- Creates plans to enhance existing product lines
- Coordinates with Director of Manufacturing to identify specific plant varieties for use in creating products with specific isolated cannabinoid profiles (High-CBD, 1:1 THC/CBD)
- Orchestrates studies and consumer feedback surveys for products in development
- Sources ingredients, equipment, and techniques to advance product manufacturing

**Research and Administrative Support - 25%**

- Creates and manages research and development initiatives
- Manages internal research scientists and helps with planning and formulation of new products
- Drafts research reports, summaries, and findings for use in developing company policies and procedures

## **INFORMATION AND TECHNOLOGY SPECIALIST**

The Information and Technology Specialist supports company operations through the design, construction, and maintenance of the company's technology infrastructure. The IT Specialist will also ensure regulatory compliance through cybersecurity efforts and oversee staff or vendors performing system maintenance and upgrades.

### **Operations Support - 25%**

- Ensures the company has effective information and management systems in place
- Manages the IT communication needs of the company, including creating a company-wide communication system
- Designs, builds, and supervises maintenance of the technical infrastructure of the company, including computer, phone, video surveillance, and other systems
- Manages updates and maintenance of electronic equipment and the company website by staff or third-party services

### **Staff Training - 25%**

- Develops training programs for staff to update and maintain electronic equipment or identify when to use third-party IT services

### **Research and Administrative Support - 25%**

- Sources innovative technologies to streamline or improve internal processes and reports to Executive Team

### **Regulatory Compliance and Cybersecurity- 25%**

- Ensures software platforms are compliant with local, state, and applicable regulations
- Preserves digital security by proactively protecting against cybersecurity threats, perpetually monitoring for threats, and creating response plans to IT security breaches

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## **SECURITY SPECIALIST**

The Security Specialist protects assets, ensures facility security, and oversees staff security training to create a safe working environment and protect the community. Achieving zero losses from diversion or criminal activity is the primary duty of this role.

### **Operations Support - 50%**

- Ensures the safety and security of all company locations, assets, and individuals
- Protects company assets, patients, and employees
- Assists with the design and implementation of a comprehensive security plan, which includes both a security schematic and dedicated personnel
- Builds relationships with local law enforcement and emergency services to identify the company as a community partner and champion of safe facilities
- Creates emergency procedures and implements security best practices

### **Staff Management and Training - 25%**

- Hires and facilitates training of security personnel
- Develops security policies and procedures

- Trains non-security personnel in diversion prevention efforts as part of implementing an anti-diversion plan

#### Research and Administrative Support - 25%

- Researches and identifies third party solutions to enhance internal security operations
- Examines and analyzes security operations to ensure compliance and efficacy
- Coordinates with Information and Technology Specialist on cybersecurity efforts

### **CANNABIS INDUSTRY EXPERT**

The Cannabis Industry Expert performs patient advocacy, and advises the executive team on best practices, regulatory updates, and research breakthroughs that may impact the company. This person will also develop staff training programs and act as a liaison between the company and industry groups.

#### Operations Support - 25%

- Informs the Executive Team of trends in the industry and industry-specific tools for compliant and efficient operations
- Advises the company about cannabis specific legal, compliance, and financial issues
- Informs the company of new products, trends, and technologies specific to the industry

#### Staff Training - 25%

- Assists with development of staff training programs in accordance with industry best practices
- Updates training programs to reflect changing regulations
- Develops company policies and procedures in compliance with best practices

#### Patient Advocacy - 25%

- Advocates for patients on a local and national level on behalf of the company through interacting with media, legislators, and regulatory officials
- Represents the company at industry group events and acts as a liaison between the company and industry groups
- Gathers patient testimonials to use in educational and training materials

#### Research and Administrative Support - 25%

- Offers ideas for business operations improvements and potential synergistic relationships with other industry experts
- Researches local, state, and federal regulatory updates
- Interacts with ancillary business services representatives for consumption accessories, manufacturing equipment, and compliance services

## **Executive Team**

### **CHIEF EXECUTIVE OFFICER**

*Hierarchy - Top of the Chart*

The Chief Executive Officer provides the strategic leadership of the company and directs all staff efforts toward achieving company objectives. The CEO will also guide financial management plans, provide oversight for all branches of the company, and develop the company culture.

#### **Operations and Production - 25%**

- Provides complete oversight of all branches of the company
- Performs strategic and directional planning
- Oversees product development and product research

#### **Sales/Business Development - 25%**

- Creates relationships with other licensed facilities, ancillary business service providers, and community organizations to expand the company brand
- Coordinates with the Marketing and Public Relations Officer to develop all branding and brand identity components, including product packaging and store design

#### **Staff Management - 25%**

- Builds, appraises, and leads the executive team
- Develops company culture and directs management style
- Assists with development of staff training programs

#### **Financial Management - 25%**

- Evaluates and manages the fiscal and operational performance of the company
- Allocates capital and directs investment decisions
- Oversees each branch budget and departmental budgets

### **CHIEF FINANCIAL OFFICER**

#### *Hierarchy – Reports to Chief Executive Officer*

The Chief Financial Officer manages all company financial assets and oversees all accounting personnel and third-party accounting, tax preparation, and financial services vendors.

#### **Financial Management - 75%**

- Oversees all financial functions of the company
- Performs risk analysis and risk management
- Develops financial and tax strategies to ensure financial health and meet operational goals
- Creates and implements a company budget and departmental budgets
- Informs executive team of financial status of the company
- Raises investment funds and performs sales and income forecasting, when appropriate
- Implements financial and operational best practices, including cash management protocols
- Develops and maintains relationships with financial institutions

#### **Staff Management - 25%**

- Manages Bookkeeper and third-party Accountant(s) and financial service providers
  - Trains management staff in cash handling procedures
  - Audits work of Bookkeeper and Accountant for accuracy and consistency with Generally Accepted Accounting Practices (GAAP) or other financial reporting standards
- 

## **CHIEF OPERATIONS OFFICER**

*Hierarchy – Reports to Chief Executive Officer*

The Chief Operations Officer manages operations, including development of standard operating procedures and staff training programs in compliance with applicable regulations. Leading management to achieve company goals and objectives is a primary tenet of this role.

### **Operations and Production - 50%**

- Performs strategic planning for all company operations
- Develops and implements compliant standard operating procedures
- Oversees all company procedures and processes
- Supports the operations of the manufacturing team
- Monitors productivity and adherence to timelines and goals
- Creates operational goals and timelines
- Audits data in the business management platform to ensure accuracy
- Regularly reviews standard operating procedures to ensure compliance and efficacy

### **Staff Management - 20%**

- Oversees all management and production staff
- Designs staff appraisal procedures in coordination with the Human Resources Director
- Assists with developing staff training programs

### **Financial Management - 15%**

- Manages budgets and expenditures
- Identifies areas of cost savings and sources affordable equipment and supply vendors

### **Regulatory Compliance - 15%**

- Analyzes business management platform and inventory data for regulatory compliance
  - Coordinates internal and external audits of physical inventory and data with the Safety, Quality, and Compliance Officer
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## **CHIEF OF EXTRACTIONS AND FORMULATIONS**

*Hierarchy - Reports to Chief Executive Officer*

The Chief of Extractions and Formulations oversees all marijuana manufacturing operations and product development in compliance with all applicable regulations. Ensuring the safety of staff during production and the health of patients who consume manufactured products are primary duties of this role.

#### **Operations Support - 50%**

- Designs and sets up extraction laboratory, including equipment choice and setup
- Audits extraction standard operating procedures to ensure compliance and efficacy
- Develops and implements compliant extraction standard operating procedures
- Ensures adherence to industry best practices

#### **Staff Management - 20%**

- Oversees daily operations of the extraction laboratory
- Assesses and appraises manufacturing staff performance
- Designs and implements staff training programs for extraction and production

#### **Recordkeeping and Administrative Support - 15%**

- Tracks market trends to ensure company maintains competitive edge
- Manager extraction data and reporting

#### **Regulatory Compliance - 15%**

- Ensures products meet quality control standards and appear uniform and consistent
- Ensures products pass quality control testing, as required by state regulation
- Audits the equipment and facility for compliance, on a regular schedule

## **HUMAN RESOURCES DIRECTOR**

*Hierarchy - Reports to Chief Operations Officer*

The Human Resources Director oversees recruitment, retention, staff training, and employment law compliance. Additionally, this person will create and direct the company culture, manage events, represents the company at job fairs, industry seminars, and in the community.

#### **Recruitment - 30%**

- Recruits and hires qualified staff to fill roles necessary for company growth and success
- Identifies candidates from many sources across multiple platforms
- Attends and coordinates company presence at job fairs and community outreach events

#### **Staff Management and Training - 40%**

- Provides leadership and consultation to staff regarding their duties, performance, and appraisal
- Acts as a liaison between staff and management to discuss needs, questions, or concerns
- Delivers new hire orientation
- Resolves conflicts among staff and trains staff in conflict resolution techniques

- Oversees all staff training programs
- Coordinates with management and subject matter experts to deliver operational training programs
- Appraises the performance of human resources staff and management, as needed
- Terminates the employment of staff who violate company policy, do not comply with regulations, or for any other purpose, as determined by management and ownership

#### **Recordkeeping and Administrative Support - 30%**

- Administers staff benefits, unemployment, and worker's compensation insurance programs
- Performs onboarding and enters data for new staff into all necessary software applications
- Tracks and manages staff performance
- Manages staff attendance, scheduling, time off requests, and timekeeping systems
- Coordinates with accounting staff to reconcile and report hours for payroll
- Plans and facilitates company events

### **CHIEF COMPLIANCE OFFICER**

#### *Hierarchy - Reports to Chief Operations Officer*

The Chief Compliance Officer ensures daily operational compliance and the optimum performance of infrastructure, staff, equipment, and supplies. Maintaining existing licenses and permits, as well as avoiding sanctions to those licenses and permits are primary duties of this role.

#### **Regulatory Compliance - 80%**

- Confirms all company and employee licenses, bonds and permits are in good standing
- Manages license, bond, and permit application and renewal process
- Ensures all manufacturing standard operating procedures are compliant with local, state, and applicable federal regulation
- Monitors updates to local rules and regulations and adapts standard operating procedures to adhere to new local and state regulatory mandates
- Assists with development of compliant labels for all manufactured products and verifies accuracy of labeling by licensed vendor manufacturers and cultivators
- Ensures all inventory has compliant packaging and labeling and appears uniform
- Researches and responds to all internal compliance issues
- Audits all company inventory, systems and reports for accuracy and consistency
- Manages the external testing process for all products

#### **Recordkeeping and Administrative Support - 20%**

- Writes compliance reports and prepares audit findings for communication to management
- Assists with development of staff training materials and compliance tools

- Maintains records of inspection reports, all regulatory communication, and audit findings
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## **CONTENT MARKETING MANAGER**

*Hierarchy - Reports to Chief Executive Officer*

The Content Marketing Manager oversees marketing and public relations through maintaining the company's public image, devising sales strategies, and creating marketing materials in compliance with advertising restrictions and regulations. Brand management, content creation, and advertising approval are primary duties of this role.

### **Marketing and Sales Support - 60%**

- Creates company marketing and sales strategies
- Manages company's brand and identifies intellectual property violations
- Maintains company's professional and positive reputation
- Manages social media presence and ensures integrity of online branding
- Develops and approves marketing materials within the marketing budget
- Administers marketing budget

### **Public Relations - 20%**

- Develops and implements company public relations strategies
- Identifies partnership and sponsorship opportunities with local and national charitable/non-profit organizations
- Represents company at community events and trade shows
- Acts a liaison to industry groups
- Develops response strategies to negative media attention or regulatory concerns
- Fields and vets media requests

### **Administrative Support - 20%**

- Writes content for website, press, and marketing materials
  - Coordinates marketing events and orders promotional materials
  - Prepares quarterly marketing plans and written reports
  - Designs marketing materials or oversees design, if performed by other staff or a vendor
- 

## **INVENTORY MANAGER**

*Hierarchy - Reports to Chief Operations Officer*

The Inventory Manager ensures regulatory compliance and tracking of all regulated inventory items to prevent diversion and maximize operational efficiency. Staff training and developing standard operating procedures are primary duties of this role.

### **Regulatory Compliance - 50%**

- Tracks inventory by entering data into the state seed-to-sale inventory tracking system and other business management platforms
- Monitors movement of inventory among stages of manufacturing, between locations within the facility, and between facilities

- Tracks manufacturing sales
- Audits inventory for accuracy

#### **Sales and Manufacturing Support - 50%**

- Allots and disperses inventory for manufacturing, dispensing, and to external sources
- Manages transfers and transportation for sales to other licensed facilities and patients or caregivers, if allowed by state law
- Develops and maintains relationships with product vendors
- Inspects shipments for accuracy prior to distribution

#### **Recordkeeping and Administrative Support - 25%**

- Manages bulk ordering for office and manufacturing supplies
- Adjusts inventory figures, as needed, in compliance with applicable law and company policy
- Writes inventory and compliance reports
- Ensures data uniformity in inventory reports and records

## **COMMUNITY OUTREACH COORDINATOR**

*Hierarchy - Reports to Chief Executive Officer*

The Community Outreach Coordinator connects the company with community members, patients, patient advocacy organizations, industry groups, legislators, and regulators. Educating others about cannabis as medicine and representing the company in a professional manner are primary duties of this role.

#### **Patient Advocacy - 25%**

- Acts as a liaison between the company and governing entities
- Identifies local community groups and charitable organizations for potential relationships

#### **Event Coordination - 25%**

- Coordinates community-inclusive events
- Orchestrates patient educational seminars and events

#### **Recordkeeping and Administrative Support - 25%**

- Develops an annual philanthropic action plan and provides quarterly updates to executives
- Manages requests from charitable organizations and community members
- Develops educational materials about the community focus of the company
- Assists with development and implementation of an effective community action plan and comprehensive patient relations plan

#### **Company Representation - 25%**

- Creates and maintains a positive reputation of the company within the community
- Manages company participation in local community groups, including volunteerism, financial and in-kind donations

## BOOKKEEPER

### *Hierarchy - Reports to Chief Financial Officer*

The Bookkeeper supports the financial objectives of the company by managing all financial transactions. Adherence to Generally Accepted Accounting Principles (GAAP) or other professional bookkeeping standards are primary duties of this role.

#### Financial Management - 50%

- Manages all daily financial transactions within the company
- Manages accounts payables and receivables
- Performs periodic financial audits and creates reports of findings for the executive team
- Coordinates with Human Resources Director to administer payroll
- Handles cash and prepares cash deposits to financial institutions
- Reconciles cash and inventory monthly
- Assists in creation of company and department budgets

#### Regulatory Compliance - 25%

- Ensures financial procedures and recordkeeping policies adhere to local, state, and applicable laws and requirements

#### Recordkeeping and Administrative Support - 25%

- Alerts management to budgetary concerns or when departments exceed their budget
- Coordinates with and generates reports for the Accountant

## Manufacturing Staff

### EXTRACTION MANAGER

#### *Hierarchy - Reports to Chief of Extractions and Formulations*

The Extraction Manager oversees management of the extraction laboratory and ensuring the facility produces cannabis products that meet the company's quality and consistency standards. Maximizing the efficiency of extraction processes and maintaining the safety and security of the facility are the primary duties of this role.

#### Staff Management - 20%

- Trains and manages extraction staff
- Supports all extraction staff to achieve production, efficiency, and safety goals
- Assists the Human Resources Director with staff recruitment, training, and appraisal

#### Operations Management - 40%

- Develops a comprehensive workflow for the laboratory, clearly outlining the movement of regulated product among departments
- Orders and maintains inventory levels for extraction and manufacturing supplies
- Ensures routine maintenance of laboratory equipment
- Scouts new extraction technologies and prepares reports to deliver information to executive team

- Develops and formulates products
- Oversees research and development of new products

#### Regulatory Compliance - 20%

- Develops compliant standard operating procedures for the extraction laboratory
- Oversees all extraction processes

#### Recordkeeping and Administrative Support - 20%

- Coordinates and manages testing process
- Gives relevant data about the extraction process and yields to the Data Administration Manager

### **DATA ADMINISTRATION MANAGER**

#### *Hierarchy – Reports to Chief Compliance Officer*

The Data Administration Manager is responsible for the timely and efficient entry of data into the inventory control system and business management platforms to achieve production and sales goals. Ensuring the compliant movement of regulated products among departments and between facilities is a primary duty of this role.

#### Regulatory Compliance - 50%

- Collects and records data for all plants, extractions, and waste in the inventory control system and business management platforms
- Verifies accuracy of all data by performing regularly scheduled audits
- Tracks yield totals and reports data to the governing entity, as required by regulation
- Reports compliance issues to the Chief Compliance Officer
- Coordinates with the Chief Compliance Officer and the Manufacturing Manager to address data integrity issues and resolve any compliance concerns

#### Recordkeeping and Administrative Support - 50%

- Records and tracks supply usage
- Generates reports for management and the executive team
- Maintains digital inventory and reports inventory concerns to the Inventory Manager
- Analyzes data for trends and writes reports of findings
- Reports any suspected diversion, theft, or misuse revealed by the data to the Director of Security and/or law enforcement and applicable regulatory agencies

### **EXTRACTION TECHNICIAN**

#### *Hierarchy - Reports to Extraction Manager*

The Extractions Technician completes daily operations of the extraction laboratory and ensures the quality of manufactured regulated products. Completing extraction processes in accordance with policies and regulations, as well as maintaining the safety of the designated work area are primary duties of this role.

#### Production Tasks - 80%

- Extracts cannabinoids from harvested plant material in accordance with company policies and procedures
- Performs extraction processes and techniques, including: preparation, extraction, purging, decarboxylation, weighing, packaging, and labeling
- Adheres to all safety, quality, and sanitation regulations during extraction
- Cleans and sanitizes the facility and equipment
- Logs and disposes of waste in a compliant manner
- Possesses a thorough knowledge of cannabinoids, terpenes, distillation, and extraction processes

#### **Regulatory Compliance - 10%**

- Records data for all used plant material, extractions, and waste in the inventory control system and business management platforms
- Adheres to access restrictions, including all limited access areas and inaccessible areas
- Reports any suspected diversion, theft, or misuse to management and the Director of Security

#### **Recordkeeping and Administrative Support - 10%**

- Records extraction supply usage
- Tracks and records all relevant production data for submission to the Data Administration Manager
- Submits recorded information to the Extractions Manager

### **PACKAGING ASSOCIATE**

#### *Hierarchy – Reports to Chief of Extractions and Formulations*

The Packaging Associate prepares harvested plant material, extractions, and/or cannabis products for distribution to other licensed facilities, including manufacturers and dispensaries, or for dispensing to patients and caregivers. Retaining the quality of regulated products during packaging and proper labeling in accordance with regulatory requirements are primary duties of this role.

#### **Production Tasks - 80%**

- Adheres to packaging policies and procedures to retain maximum quality and value of regulated products
- Packages finished extractions in precise measurements, while maintaining their integrity
- Packages items to appear uniform and consistent
- Labels packages in compliance with applicable regulations
- Prevents contamination by adhering to all safety and sanitation requirements
- Cleans and sanitizes the facility and harvest/manufacturing equipment
- Logs and disposes of waste in a compliant manner

#### **Regulatory Compliance - 10%**

- Records data for all products and waste in the inventory control system and business management platforms

- Adheres to access restrictions, including all limited access areas and inaccessible areas
- Reports any suspected diversion, theft, or misuse to management and the Director of Security

#### **Recordkeeping and Administrative Support - 10%**

- Tracks individual productivity numbers for submission to the Data Administration Manager
- Records packaging and labeling supply usage
- Alerts management when supplies reach low and critically low levels
- Records all actions taken to package and label products
- Submits recorded information to the Harvest and Manufacturing Manager

### **Facilities and Other Support Staff**

#### **SANITATION OFFICER (FORMERLY FACILITIES MANAGER)**

*Hierarchy – Reports to Chief of Extractions and Formulations*

##### **Facilities Maintenance - 80%**

- Cleans and sanitizes the facility and equipment
- Maintains equipment and performs regular service to equipment
- Adheres to Lockout/Tagout procedures to restrict access to equipment during servicing
- Stores supplies and equipment in designated areas and restocks supplies, as needed
- Performs floor care and maintenance
- Maintains the facility perimeter, including landscaping, building façade, drainage systems, waste disposal, and parking areas
- Oversees service contractors performing service on infrastructure and equipment
- Supervises contractors while in limited access areas

##### **Regulatory Compliance - 10%**

- Adheres to access restrictions, including all limited access areas and inaccessible areas
- Performs in cleaning and maintenance in surveillance and secure areas under the direct physical supervision of a manager
- Reports any suspected diversion, theft, or misuse to management and the Director of Security

##### **Recordkeeping and Administrative Support - 10%**

- Logs equipment service and maintenance
- Research and purchase repair parts, equipment supplies, and tools

### **SECURITY OFFICERS**

*Hierarchy – Reports to Director of Security*

Security Officers maintain the security and compliance of the facility, protecting company assets, and creating a safe working environment for all staff. Physically securing the facility, overseeing visitors, preventing diversion, and preventing other crimes or misconduct are primary duties of this role.

#### **Physically Securing Assets - 50%**

- Monitors and ensures the safety of visitors, products, and staff
- Monitors the interior and exterior of the facility premises using video surveillance equipment
- Assists with the transfer of regulated products in and out of the vault
- Helps prepare shipments for transport and verifies shipment contents for accuracy
- Verifies incoming shipment contents for accuracy, at time of receipt
- Prevents and addresses loitering or illegal behavior that occurs on or around the physical property
- Supports conflict management efforts and helps resolve conflicts among staff
- Maintains security and surveillance equipment in good working order
- Requests service or maintenance to security and surveillance equipment, as needed
- Investigates and takes appropriate action to address suspected diversion, theft, or crime

#### **Regulatory Compliance/Enforcement - 40%**

- Logs and escorts visitors, when necessary
- Verifies and spot checks staff and visitor identification
- Adheres to and enforces access restrictions, including all limited access areas and inaccessible areas
- Acts to address any staff, visitors, or other persons in violations of access restrictions
- Assists with any regulatory inspection and cooperates with regulators and law enforcement completing inspections or other official duties
- Provides records, reports, video surveillance footage, and other physical evidence to regulators and law enforcement to support pending investigations
- Monitors waste disposal and waste storage areas
- Audits waste logs against physical waste to prevent diversion or theft

#### **Recordkeeping and Administrative Support - 10%**

- Audits visitor logs for accuracy against the video surveillance system
- Maintains surveillance room logs and records in compliance with applicable regulations
- Prepares and files incident reports for all suspicious, incompliant, or criminal activity

## **TRANSPORTATION ASSOCIATE**

*Hierarchy – Reports to Director of Security*

Transportation Associates maintain the security and compliance of regulated products and other valuable assets while in transit to licensed facilities, laboratories, and/or patients, and caregivers (where permitted by law). Transporting regulated products in a secure manner to prevent diversion and vehicle maintenance are the primary duties of this role.

#### **Transporting Assets - 50%**

- Prepares shipments for transport and verifies shipment contents for accuracy
- Prepares transportation and/or inventory manifests, prior to shipment
- Secures products in approved shipping containers
- Secures shipping containers in designated locking storage in transportation vehicles
- Lifts and handles shipping containers up to 80 lbs.
- Adheres to designated route and all traffic regulations during transit

#### **Vehicle Maintenance - 25%**

- Inspects transportation vehicles daily for safety and maintenance
- Requests service or maintenance to transportation vehicles and equipment, as needed
- Takes vehicles to mechanic or repair location for service or arranges for towing services
- Cleans and sanitizes vehicle
- Monitors vehicle consumable fluid levels and refills fluids, as needed
- Fuels vehicle in accordance vehicle fueling policies

#### **Regulatory Compliance - 20%**

- Verifies and spot checks shipments prepared by other staff members
- Adheres to access restrictions, including all limited access areas and inaccessible areas
- Assists with any regulatory inspection of transportation vehicles and cooperates with regulators and law enforcement completing inspections or other official duties
- Reports suspected diversion, theft, or crime that may occur during transit

#### **Recordkeeping and Administrative Support - 5%**

- Maintains drivers' license, vehicle registration, proof of insurance, employee badge, transportation manifest, invoice, and any other applicable documents needed for transport
- Prepares incident reports for all suspicious, incompliant, or criminal activity that occurs during transit

## **Business Management Platforms**

The company will utilize a suite of software programs to conduct compliant, efficient business, referred to as the business management platforms ("BMPs"), which include industry-specific inventory tracking software, in conjunction with Microsoft Office, accounting software (QuickBooks, etc.), enterprise resource planning ("ERP") software,

and others deemed appropriate. These systems will enable the company to automate procedures and record all relevant data, while reducing the potential for human errors.

CB will operate transparently by using BMPs to provide a complete digital overview of the company, which will also act as communication, reporting, and planning tools. These systems will allow the company to identify operational strengths and weaknesses through various reports, such as revenue reports, inventory reports, employee performance records, extraction and manufacturing reports, customer data reports, etc. The company will regularly analyze its data to help the company improve its business processes and operations.

Each software program that is a part of the BMPs contributes unique data manufacturing or other functionality to make the entire system works cohesively. System functionality will include the following features:

- Production costing
- Employee & task scheduling
- State-compliant labeling
- State compliance reporting & integration
- Integrated potency and contaminants testing results
- Employee time keeping
- Multi-location support
- Custom reporting

The BMPs the company chooses will be dynamic and shall interface with the inventory tracking system(s) required for use by the CCC. The company will use the integrated systems to communicate inventory amounts, marijuana retailer purchase information, and any other mandated data to the CCC, as required by the final regulations that the CCC will publish in March 2018. Whenever possible, all BMPs will conform the CCC's reporting process to align with Massachusetts's requirements. To the best of its ability, CB will work directly with software developers and/or software providers to modify BMPs to ensure total compliance with the state's regulatory mandates for data capture and record keeping.

To enhance security, the BMPs will be a permission-based system, featuring bank level encryption. Administrators will assign permissions to each user based on their level of employment within the company. This enables administrators to limit what hourly level employees can see and do within the software, while allowing management level employees more freedom to navigate and view items and transactions, perform audits and adjustments, and create reports.

The BMPs will also serve as CB's system for recording inventory and sales tracking. The platform will allow the company to monitor, in real time, inventory levels and movement, along with sales totals and consumer statistics. BMPs will allow users to track the purchasing habits of clients and accurately predict demand. This tool will be effective for forecasting inventory needs, as it will allow the Inventory Manager to analyze historical purchase data and inventory trends.

To ensure the consumers enjoy the freshest product, the company will use a first-in-first-out (“FIFO”) inventory system. This means that the product that has been in storage the longest will be the product sold to clients first, making sure that all products are rotating through storage within a reasonable period.

### Inventory Tracking System (“ITS”)

The company will select a comprehensive inventory tracking system that has demonstrated success with regulated marijuana businesses in other jurisdictions. The facility will employ the system to track batch, strain, and quantities of raw marijuana for manufacturing and finished marijuana products in inventory and to track sales to marijuana retailers. This system will efficiently track every gram of processed oil the facility produces, each final packaged marijuana product, and regulated waste. It will allow the company to not only meet all potential state tracking requirements (based on the requirements observed in other jurisdictions), but also to create a streamlined and sustainable inventory management process that will enable increased productivity and efficiency.

The ITS will offer the company intuitive tools for finished and raw product management, tracking of regulated materials through various stages of the manufacturing process, packaging, tracking finished forms of approved marijuana products once they leave the facility, and distribution.

### Order Fulfillment System

Any disruption in raw materials will have an impact on the company’s ability to keep to a strict production schedule and could result in failure to fulfill orders accurately and on time. To ensure CB is capable of consistently producing quality products, the company will establish relationships with several suppliers of high-quality raw marijuana to use in manufacturing. This will ensure the company can source the same raw materials for each batch at the lowest price and best quality possible.

The company’s Inventory Manager will be responsible for product allocation and order fulfillment. This individual will be the manufacturing and marijuana retailer manager’s main point of contact. They will oversee both the testing process and distribution from the manufacturing facility to marijuana retailers. The Inventory Manager will coordinate testing schedules, oversee sample gathering and delivery to the laboratory in a timely fashion, while adhering to a strict chain of custody throughout the process. They will then enter test results into the BMPs immediately upon return from the laboratory.

The Inventory Manager will utilize the BMPs to create electronic travel manifests sufficiently detailing each line item contained within the order. Staff will transfer products utilizing these manifests. The BMPs automatically removes all products contained in the order from the manufacturing facility’s inventory, once the marijuana retailer client order has been accepted by them in the software, allowing for a consistent and accurate inventory. The executive team will utilize the business management platform to assess needs and track trends, enabling manufacturing planning to be far more efficient.

Staff will perform regular inventory audits of all raw marijuana and finished marijuana products to mitigate theft and ensure inventory counts within the platform are always accurate. The company will conduct initial inventory counts prior to commencement of operations, and once per week thereafter for the first six months. Afterward, staff will perform inventory audits monthly.

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## Community Outreach Plan

It is crucial for CB to become a valued member of the community in which they operate and a recognized local business leader who is known for always having the best interests of its neighbors in mind. The company will actively engage and collaborate with nearby community groups and non-profit organizations to identify and implement community improvement and reinvestment strategies, in addition to the steps required for application and described in the executive summary. CB will become a respected business leader with a sterling reputation by developing and executing a multi-tiered community outreach and philanthropic action plan.

Educating the community, actively participating, and volunteering with local groups, and making financial donations and sponsoring local causes and events will be core components of the plan. It will also include a jobs program for qualified locals, with a focus on training and hiring veterans.

### Educational Website

CB is establishing an educational website that will answer questions about marijuana and Massachusetts's new program, regularly update the community with details of the company's proposed plans, and address any potential concerns residents may have about the operation. The website will assure residents that the company has detailed plans in place for the facility's security, which will lead to enhanced safety for the entire neighborhood; as well as plans to ensure the facility will have an overall positive impact on the local environment using efficient technology and renewable energy sources. It will make it clear that CB will be a thoughtful member of the community.

### Educational Seminars

The company will educate and inform its community-at-large by offering monthly educational seminars for consumers, physicians and the public on the pharmacological uses and benefits of marijuana, advancements in the field, and industry best-practices. Members of the company, industry experts, community leaders, and members of the scientific community will regularly participate in these seminars.

### Employment Program for Veterans and Qualified Locals

CB will establish an employment program that will train local veterans and enable them to enter the marijuana industry, and identify other qualified local candidates for employment with the company. Security is a big focus of legal marijuana businesses.

Many local veterans will have the necessary skills and experience to serve the company in security roles. Many veterans suffering from PTSD and intractable pain will also be eligible consumers in Massachusetts's new program, and CB believes it is important to have qualified candidates on its team that, among other things, can offer the company a patient's perspective.

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## **Conclusion**

In conclusion, CB is well-poised to make the most of the unique opportunity in Massachusetts as one of the state's first recreational marijuana manufacturers. CB has taken great care in the development of their prospective business including analysis of products, operations, staffing, community outreach, and the state of the market as a whole. Upon review of their findings, CB is excited to enter the marijuana industry in Massachusetts and would be honored to be amongst those first awarded adult-use licenses in the Commonwealth.



# COMMON POLICY DECLARATIONS

POLICY NUMBER: CTK-0004125-00

Coverage Provided By: <b>Topa Insurance Company</b>	<i>Responsible Agent of Record:</i> <b>CIS Insurance Services, LLC</b> 1468 W 9th Street Suite 805 Cleveland, Ohio 44113 800-420-5757 cannasure.com
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NAMED INSURED: Coil Brothers LLC  
 MAILING ADDRESS: 325 Ayer Rd  
Harvard, MA 01451  
 POLICY PERIOD: FROM 01/01/2019 TO 01/01/2020 AT 12:01 A.M. STANDARD  
 TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

BUSINESS ENTITY	<input type="checkbox"/> Individual	<input type="checkbox"/> Partnership	<input type="checkbox"/> Corporation	<input checked="" type="checkbox"/> Limited Liability Company
	<input type="checkbox"/> Joint Venture	<input type="checkbox"/> Trust	<input type="checkbox"/> Other:	

BUSINESS DESCRIPTION	Processor
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**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

**THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.**

	PREMIUM
COMMERCIAL PROPERTY COVERAGE PART	\$1,056.00
COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$1,250.00
COMMERCIAL EXCESS LIABILITY	N/A
COMMERCIAL INLAND MARINE COVERAGE PART	N/A
PRODUCTS LIABILITY COVERAGE	N/A
TERRORISM	REJECTED
INSPECTION FEE	\$175.00
ADMIN FEE	\$175.00
SURPLUS LINES TAX	\$92.24
<b>TOTAL:</b>	<b>\$2,748.24</b>

**This policy is insured by a company which is not admitted to transact insurance in the commonwealth, is not supervised by the commissioner of insurance and, in the event of an insolvency of such company, a loss shall not be paid by the Massachusetts Insurers Insolvency Fund under chapter 175D.**

**SCHEDULE OF NAMED INSUREDS:**

Coil Brothers LLC

**FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):**

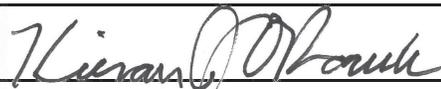
SEE SCHEDULE OF FORMS

**Countersigned:**

02/04/2019

(Date)

**By:**



(Authorized Representative)

## SCHEDULE OF FORMS

Named Insured: Coil Brothers LLC

Policy Number: CTK-0004125-00

### COMMON POLICY

CIS DEC T 01	(10 17)	COMMON POLICY DECLARATIONS
CIS MP 004	(10 17)	25% MINIMUM EARNED PREMIUM ENDORSEMENT
CIS SUIT T N006	(10 17)	SERVICE OF SUIT CLAUSE
IL 00 17	(11 98)	COMMON POLICY CONDITIONS
CIS DISCLOSURE TRIA	(12 17)	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
IL 09 53	(01 15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 00 21	(09 08)	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
IL N 001	(09 03)	FRAUD STATEMENT

### COMMERCIAL GENERAL LIABILITY

CIS CGL DEC 01	(10 17)	COMMERCIAL GENERAL LIABILITY DECLARATIONS
CG 00 01	(04 13)	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG 21 04	(11 85)	EXCLUSION-PRODUCTS-COMPLETED OPERATIONS HAZARD
CG 21 73	(01 15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
CIS GL 30 01	(10 17)	EXCLUSION-BANNED SUBSTANCES
CIS GL 30 02	(10 17)	EXCLUSION-CARCINOGENS
CIS GL 34 50	(10 17)	EXCLUSION-LIQUOR LIABILITY
CIS GL 34 51	(10 17)	EXCLUSION-ASSAULT OR BATTERY
CIS GL 34 52	(10 17)	EXCLUSION-ASBESTOS
CIS GL 34 53	(10 17)	EXCLUSION-FIREARMS
CIS GL 34 54	(10 17)	EXCLUSION-ANIMAL
CIS GL 34 55	(10 17)	EXCLUSION-AMERICANS WITH DISABILITIES ACT
CIS GL 34 56	(10 17)	EXCLUSION-RESIDENTIAL OCCUPANCY
CIS GL 34 57	(10 17)	EXCLUSION-LEAD
CIS GL 34 58	(10 17)	EXCLUSION-ADDITIONAL DAMAGES, TAXES, FINES OR PENALTIES
CIS GL 34 59	(10 17)	EXCLUSION-CROSS SUITS
CIS GL 34 60	(10 17)	EXCLUSION-FIDUCIARY
CIS GL 34 61	(10 17)	EXCLUSION-GOVERNMENTAL ACTS AND CRIMINAL ACTIVITIES
CIS GL 34 62	(10 17)	EXCLUSION-PROFESSIONAL SERVICES
CIS AUDIT 01	(10 17)	AUDIT PREMIUMS-AMENDATORY ENDORSEMENT
CG 21 06	(05 14)	EXCLUSION-ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY-WITH LIMITED BODILY INJURY EXCEPTION
CG 21 09	(06 15)	EXCLUSION-UNMANNED AIRCRAFT
CG 21 32	(05 09)	COMMUNICABLE DISEASE EXCLUSION
CG 21 36	(03 05)	EXCLUSION-NEW ENTITIES
CG 21 44	(04 17)	LIMITATION OF COVERAGE TO DESIGNATED PREMISES, PROJECT OR OPERATION
CG 21 46	(07 98)	ABUSE OR MOLESTATION EXCLUSION
CG 21 47	(12 07)	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 21 49	(09 99)	TOTAL POLLUTION EXCLUSION ENDORSEMENT
CG 21 66	(06 15)	EXCLUSION-VOLUNTEER WORKERS
CG 21 67	(12 04)	FUNGI OR BACTERIA EXCLUSION
CG 21 96	(03 05)	SILICA OR SILICA-RELATED DUST EXCLUSION
CG 21 51	(04 13)	AMENDMENT OF LIQUOR LIABILITY EXCLUSION-EXCEPTION FOR SCHEDULED PREMISES OR ACTIVITIES
CG 24 10	(07 98)	EXCESS PROVISION-VENDORS
CG 20 11	(04 13)	ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES
CG 24 04	(05 09)	WAIVER OF TRANSFER OF RIGHTS OF RECOVERY

## SCHEDULE OF FORMS

Named Insured: Coil Brothers LLC

Policy Number: CTK-0004125-00

### AGAINST OTHERS TO US

#### COMMERCIAL PROPERTY

CIS CP DEC 02	(10 17)	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS PAGE
CIS CP DEC 02 A	(10 17)	CANNABIS AND HEMP SCHEDULE
CP 00 90	(07 88)	COMMERCIAL PROPERTY CONDITIONS
CP 00 10	(10 12)	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 10 30	(09 17)	CAUSES OF LOSS-SPECIAL FORM
CIS CP 99 11	(10 17)	PROTECTIVE SAFEGUARDS
CIS CP 99 30	(10 17)	TOTAL FUNGUS, WET ROT, DRY ROT AND BACTERIA EXCLUSION
CIS CP 99 31	(10 17)	EXCLUSION-NAMED STORM
CIS CP 14 20	(04 18)	ADDITIONAL PROPERTY NOT COVERED-CANNABIS AND HEMP
CIS CP 99 60	(08 18)	EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT
CP 10 36	(10 12)	LIMITATIONS ON COVERAGE FOR ROOF SURFACING
CP 03 21	(10 12)	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
CP 01 40	(07 06)	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
IL 09 35	(07 02)	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
CP 01 09	(10 00)	MASSACHUSETTS CHANGES
CP 10 64	(10 12)	MASSACHUSETTS-FUNGUS, WET ROT, DRY ROT AND BACTERIA EXCLUSION AND LIMITATIONS

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **25% MINIMUM EARNED PREMIUM ENDORSEMENT**

In the event the policy is cancelled by the Named Insured, the policy premium is subject to a Minimum Earned Premium of 25% of the total policy premium.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

## SERVICE OF SUIT CLAUSE

IT IS AGREED THAT IN THE EVENT OF THE FAILURE OF THE COMPANY TO PAY ANY AMOUNT CLAIMED TO BE DUE HEREUNDER, THE COMPANY, AT THE REQUEST OF THE INSURED, WILL SUBMIT TO THE JURISDICTION OF ANY COURT OF COMPETENT JURISDICTION WITHIN THE UNITED STATES AND WILL COMPLY WITH ALL REQUIREMENTS NECESSARY TO GIVE SUCH COURT JURISDICTION AND ALL MATTERS ARISING HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAW AND PRACTICE OF SUCH COURT.

IT IS FURTHER AGREED THAT, PURSUANT TO ANY STATUTE OF ANY STATE, TERRITORY OR DISTRICT OF THE UNITED STATES WHICH MAKE PROVISION THEREFOR, THE COMPANY HEREBY DESIGNATES THE SUPERINTENDENT, COMMISSIONER OR DIRECTOR OF INSURANCE OR OTHER OFFICER SPECIFIED FOR THAT PURPOSE IN THE STATUTE, OR HIS SUCCESSOR OR SUCCESSORS IN OFFICE, AS ITS TRUE AND LAWFUL ATTORNEY UPON WHOM MAY BE SERVED ANY LAWFUL PROCESS IN ANY ACTION, SUIT OR PROCEEDING INSTITUTED BY OR ON BEHALF OF THE INSURED OR ANY BENEFICIARY HEREUNDER ARISING OUT OF THIS POLICY OF INSURANCE, AND HEREBY DESIGNATES

John Donahue  
President & CEO  
Topa Insurance Company LTD  
24025 Park Sorrento Suite 300  
Calabasas, CA 91302

AS THE PERSON TO WHOM THE SAID OFFICER IS AUTHORIZED TO MAIL SUCH PROCESS OR TRUE COPY THEREOF.

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

## **DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT**

### **SCHEDULE**

<b>PART I</b>	
<b>Terrorism Premium (Certified Acts) \$</b>	<b>\$35.00</b>
<b>This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies): ALL COVERAGE PARTS ASSOCIATED WITH THIS POLICY</b>	
<b>Additional information, if any, concerning the terrorism premium: NOT APPLICABLE</b>	
<b>PART II</b>	
<b>Federal share of terrorism losses (Refer to Paragraph B. in this endorsement.)</b>	
<b>83% Year 2017</b>	
<b>82% Year 2018</b>	
<b>81% Year 2019</b>	
<b>80% Year 2020</b>	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

#### **A. Disclosure Of Premium**

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

#### **B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

#### **C. Cap On Insurer Participation In Payment Of Terrorism Losses**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 STANDARD PROPERTY POLICY

### **SCHEDULE**

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

<b>State(s)</b>	<b>Coverage Form, Coverage Part Or Policy</b>
MA	ALL
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A.** The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**B.** The following exclusion is added:

#### **CERTIFIED ACT OF TERRORISM EXCLUSION**

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### **D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT**

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:
  - A. Under any Liability Coverage, to "bodily injury" or "property damage":
    - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
    - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
  - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
  - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
    - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
    - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
    - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:
 

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

**(c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

**(d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

## FRAUD STATEMENT

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

POLICY NUMBER: CTK-0004125-00

COMMERCIAL GENERAL LIABILITY  
CIS GL DEC 01 10 17

# COMMERCIAL GENERAL LIABILITY DECLARATIONS

NAMED INSURED: Coil Brothers LLC

POLICY PERIOD: 01/01/19 - 01/01/20

**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

LIMITS OF INSURANCE	
EACH OCCURRENCE LIMIT	<u>\$1,000,000</u>
DAMAGE TO PREMISES RENTED TO YOU LIMIT	<u>\$100,000</u> Any one premises
MEDICAL EXPENSE LIMIT	<u>\$5,000</u> Any one person
PERSONAL & ADVERTISING INJURY LIMIT	<u>\$1,000,000</u> Any one person or organization
GENERAL AGGREGATE LIMIT	<u>\$2,000,000</u>
PRODUCTS/COMPLETED OPERATIONS	<u>EXCLUDED</u>

ALL PREMISES YOU OWN, RENT OR OCCUPY	
LOCATION NUMBER	ADDRESS OF ALL PREMISES YOU OWN, RENT OR OCCUPY
1	325 Ayer Rd, Harvard, MA 01451

<b>CLASSIFICATION AND PREMIUM</b>				
<b>CLASSIFICATION</b>	<b>CODE NO.</b>	<b>PREMIUM BASE</b>	<b>RATE</b>	<b>*ADVANCE PREMIUM</b>
			<b>Prem/ Ops</b>	<b>Prem/ Ops</b>
Processor	53377	500,000	1.313	\$1,250
<b>AUDIT PERIOD (IF APPLICABLE)</b>				
	<b>ANNUALLY</b>	<b>SEMI-ANNUALLY</b>	<b>QUARTERLY</b>	<b>MONTHLY</b>
	X			

**\*Advance Premium may include other charges not subject to audit and/or may reflect minimum premium**

## COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

### SECTION I – COVERAGES

#### COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

##### 1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

## 2. Exclusions

This insurance does not apply to:

### a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

### d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

**f. Pollution**

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
  - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
    - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
    - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
    - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
  - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
  - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
    - (i) Any insured; or
    - (ii) Any person or organization for whom you may be legally responsible; or
  - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
    - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
    - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
    - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
  - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

**h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

**i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**j. Damage To Property**

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

**p. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**q. Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

## **COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY**

### **1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

### **2. Exclusions**

This insurance does not apply to:

#### **a. Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

#### **b. Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

#### **c. Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

#### **d. Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

#### **e. Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

#### **f. Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

#### **g. Quality Or Performance Of Goods – Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

#### **h. Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

**i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

**j. Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

**k. Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

**l. Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

**m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

**n. Pollution-related**

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**o. War**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**p. Recording And Distribution Of Material Or Information In Violation Of Law**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

## COVERAGE C – MEDICAL PAYMENTS

### 1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;
- provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

### 2. Exclusions

We will not pay expenses for "bodily injury":

#### a. Any Insured

To any insured, except "volunteer workers".

#### b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

#### c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

#### d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

#### e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

#### f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

#### g. Coverage A Exclusions

Excluded under Coverage A.

## SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g.** All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2.** If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - a.** The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - b.** This insurance applies to such liability assumed by the insured;
  - c.** The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - d.** The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e.** The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - f.** The indemnitee:
    - (1)** Agrees in writing to:
      - (a)** Cooperate with us in the investigation, settlement or defense of the "suit";
      - (b)** Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - (c)** Notify any other insurer whose coverage is available to the indemnitee; and
      - (d)** Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
    - (2)** Provides us with written authorization to:
      - (a)** Obtain records and other information related to the "suit"; and
      - (b)** Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

## **SECTION II – WHO IS AN INSURED**

- 1.** If you are designated in the Declarations as:
  - a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:
    - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
      - (1) "Bodily injury" or "personal and advertising injury":
        - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
        - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
        - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (1)(a) or (b) above; or
        - (d) Arising out of his or her providing or failing to provide professional health care services.
      - (2) "Property damage" to property:
        - (a) Owned, occupied or used by;
        - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;
 

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
    - b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
    - c. Any person or organization having proper temporary custody of your property if you die, but only:
      - (1) With respect to liability arising out of the maintenance or use of that property; and
      - (2) Until your legal representative has been appointed.
    - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
  3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
    - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
    - b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
    - c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage **C**;
  - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
  - c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph **2.** above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage **A**; and
  - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**

### **1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
    - (1) Immediately record the specifics of the claim or "suit" and the date received; and
    - (2) Notify us as soon as practicable.
 You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
  - c. You and any other involved insured must:
    - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
    - (2) Authorize us to obtain records and other information;
    - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
    - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
  - d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### **3. Legal Action Against Us**

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

#### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

##### a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

##### b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

##### c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### 5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### 6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

**7. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

**8. Transfer Of Rights Of Recovery Against Others To Us**

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

**9. When We Do Not Renew**

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

**SECTION V – DEFINITIONS**

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
  - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
  - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
    - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

- 9. "Insured contract" means:**
- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
  - b.** A sidetrack agreement;
  - c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e.** An elevator maintenance agreement;
  - f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

**10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".**

**11. "Loading or unloading" means the handling of property:**

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

**12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:**

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - (1)** Power cranes, shovels, loaders, diggers or drills; or
  - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
  - (a) Snow removal;
  - (b) Road maintenance, but not construction or resurfacing; or
  - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

**13.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**14.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

**15.** "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**16.** "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
  - (a) When all of the work called for in your contract has been completed.
  - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
  - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

**17.** "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**18.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

**19.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**20.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**21.** "Your product":

- a.** Means:
  - (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
    - (a)** You;
    - (b)** Others trading under your name; or
    - (c)** A person or organization whose business or assets you have acquired; and
  - (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

**b.** Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2)** The providing of or failure to provide warnings or instructions.

**c.** Does not include vending machines or other property rented to or located for the use of others but not sold.

**22.** "Your work":

**a.** Means:

- (1)** Work or operations performed by you or on your behalf; and
- (2)** Materials, parts or equipment furnished in connection with such work or operations.

**b.** Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2)** The providing of or failure to provide warnings or instructions.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – PRODUCTS-COMPLETED OPERATIONS HAZARD**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

This insurance does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard".

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM**

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

**B.** The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

c. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – BANNED SUBSTANCES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" that is caused by, arises out of, results from, or is in any way related to, or connected with any products that are sold, distributed, manufactured, compounded, blended, or otherwise processed by any insured that contain any substance that is banned or prohibited, as of the inception date of the policy, by the FDA or any sports organization or federation, including but not limited to the list of substances banned by the National Football League.

The above exclusion does not apply to Marijuana, Hemp or Cannabis products or by-products.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – CARCINOGENS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" that is caused by, arises out of, results from, or is in any way related to any actual, alleged or threatened exposure to a "Carcinogen".

A "Carcinogen" is any substance that promotes carcinogenesis, the formation of cancer.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – LIQUOR LIABILITY**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The following replaces Exclusion **c.** under Paragraph **2. Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability**:

### **2. Exclusions**

This insurance does not apply to:

#### **c. Liquor Liability**

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

**(1)** Causing or contributing to the intoxication of any person, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on your premises, for consumption on your premises;

**(2)** The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

**(3)** Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

**(a)** The supervision, hiring, employment, training or monitoring of others by that insured; or

**(b)** Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph **(1)**, **(2)** or **(3)** above.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – ASSAULT OR BATTERY**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

**A. The following is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**1. This insurance does not apply to**

**Assault Or Battery**

- a.** "Bodily injury", "property damage" or "personal and advertising injury" arising out of, resulting from, or in connection with Assault or Battery or other similar violent act, any act or omission in connection with the prevention or suppression of Assault or Battery or other similar violent act, or failure to act in the prevention or suppression of Assault or Battery or other similar violent act.

**(1)** This exclusion applies regardless of the degree of culpability or intent and without regard to whether the acts are alleged to be by or at the instigation, instruction or the direction of:

- (a)** An insured;
- (b)** An Insured's agents or servants;
- (c)** Any other person lawfully or otherwise on, at or near the premises owned or occupied by the insured; or
- (d)** Any other person;

**(2)** This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured; and

**(3)** This exclusion also applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury or damage.

**B. The following is added to Paragraph 2. Exclusions of Section I – Coverage C - Medical Payments:**

We will not pay expenses for "bodily injury" to any person arising out of Assault or Battery or other similar violent act.

**C. For the purposes of this Exclusion, the following definitions apply:**

- 1.** Assault means the threat of, or use of force on another that causes that person to have apprehension of imminent harmful or offensive conduct, whether or not the threat or use of force is alleged to be negligent, intentional or criminal in nature, including but not limited to assault, sexual abuse, sexual assault, intimidation, sexual harassment, verbal abuse, or any threatened harm or offensive contact.
- 2.** Battery means negligent or intentional physical contact with another without consent that results in physical or emotional injury, including but not limited to battery, sexual abuse, sexual battery, sexual molestation, or any actual harmful or offensive contact.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – ASBESTOS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

**A. The following is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

**Asbestos**

1. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, absorption of, exposure to, or any other contact with asbestos in any form.
2. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of or presence of asbestos in any form.
3. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, absorption of, exposure to, existence of presence of, or any other contact with asbestos in any form.
4. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of asbestos by any insured or by any other person or entity.

This exclusion applies:

1. Even if the claims allege negligence or other wrongdoing in the supervision, instructions, recommendation, warnings or advice given or which should have been given in connection with **1., 2., 3. and 4.** above; and
2. To any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – FIREARMS AND WEAPONS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising, in whole or in part, directly or indirectly out of the possession, ownership, maintenance, storage, use or misuse of a firearm or weapon by any person.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, instructions, recommendation, warnings or advice given or which should have been given in connection with a firearm or weapon and to any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

For the purposes of this endorsement,

1. Firearm means any deadly weapon capable of expelling or propelling one or more projectiles by the action of any propellant.
2. Weapon means an instrument of an offensive or defensive nature and includes but is not limited to bow or crossbow, arrows, knives, mace, stun guns, swords, or the like.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – ANIMAL**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" that is caused by, arises out of, is related to, or connected with the conduct, care, custody, or control of any animal.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – AMERICANS WITH DISABILITIES ACT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" that is caused by, arises out of, is related to, or connected with any failure to comply with the provisions of the Americans With Disabilities Act.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – RESIDENTIAL OCCUPANCY**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" that is caused by, arises out of, is related to, or connected with any Residential Occupancy at any insured location.

Residential Occupancy includes, but is not limited to: any private residence(s); any dwelling(s); any structure(s) not essential to the immediate commercial operations described in the Declarations of this policy.

It is further understood and agreed that coverage shall not apply for liability arising out of the use of a single structure that is serving in a dual capacity for both Residential Occupancy as well as covered commercial operations except coverage shall apply when such liability arises exclusively out of the covered commercial operations as they pertain to that structure.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – LEAD**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

**A. The following is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

### **Lead**

1. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, absorption of, exposure to, or any other contact with, lead in any form.
2. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of lead in any form.
3. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, absorption of, contact with, exposure to, existence of, or presence of lead in any form.
4. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of lead by any insured or by any other person or entity.

This exclusion applies:

1. Even if the claims allege negligence or other wrongdoing in the supervision, instructions, recommendation, warnings or advice given or which should have been given in connection with **1.**, **2.**, **3.** and **4.** above; and
2. To any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – ADDITIONAL DAMAGES, TAXES, FINES OR PENALTIES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to:

1. Taxes, fines or penalties; and
2. Any additional damages including but not limited to punitive, exemplary, enhanced, double or treble damages;

Whether or not awarded or imposed as a penalty or compensation against any insured.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – CROSS SUITS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to any claim or "suit" for damages because of "bodily injury", "property damage" or "personal and advertising injury" if such claim or "suit" was brought by any Named Insured against another Named Insured.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – FIDUCIARY**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" that is caused by, arises out of, results from, or is in any way related to, or connected with

1. Coercion, conversion or misappropriation of funds or property of others;
2. Any dishonest, fraudulent, criminal or malicious acts or omissions of any insured or any activities or operations performed in the capacity of a fiduciary.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – GOVERNMENTAL ACTS AND CRIMINAL ACTIVITIES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

This insurance does not apply to:

1. Any investigation by any federal governmental authority or federal regulatory body, or by any federal law enforcement authority.
2. Any allegations of any criminal activity by the federal government, whether or not such allegation is valid.
3. Any fines for illegal or criminal activities or failure to follow any city, county or state ordinances.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – PROFESSIONAL SERVICES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The following exclusion is added to Paragraph **2. Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage Liability** and Paragraph **2. Exclusions** of **Section I – Coverage B – Personal And Advertising Injury Liability**:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" due to the rendering of or failure to render any professional service.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of or failure to render any professional service.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AUDIT PREMIUMS – AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

**SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** is amended as follows:

Paragraph **5.b. Premium Audit** is replaced by the following:

Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send a notice to the first named insured. The due date for the audit and retrospective premiums is the date shown as the due date on the bill.

The following is added **5. Premium Audit**:

- d. The advance premium shown on the Commercial General Liability coverage part Declarations shall be the minimum premium for the policy period and is non- refundable.

**ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – ACCESS OR DISCLOSURE OF  
CONFIDENTIAL OR PERSONAL INFORMATION AND  
DATA-RELATED LIABILITY – WITH  
LIMITED BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion 2.p. of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

**2. Exclusions**

This insurance does not apply to:

p. **Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

B. The following is added to Paragraph 2. **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or Personal Information**

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – UNMANNED AIRCRAFT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.g. Aircraft, Auto Or Watercraft** under **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

### **2. Exclusions**

This insurance does not apply to:

#### **g. Aircraft, Auto Or Watercraft**

##### **(1) Unmanned Aircraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

##### **(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a)** A watercraft while ashore on premises you own or rent;
- (b)** A watercraft you do not own that is:
  - (i)** Less than 26 feet long; and
  - (ii)** Not being used to carry persons or property for a charge;
- (c)** Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (d)** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(e) "Bodily injury" or "property damage" arising out of:

(i) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or

(ii) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

B. The following exclusion is added to Paragraph 2. **Exclusions of Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Unmanned Aircraft**

"Personal and advertising injury" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal and advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

a. The use of another's advertising idea in your "advertisement"; or

b. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

C. The following definition is added to the **Definitions** section:

"Unmanned aircraft" means an aircraft that is not:

1. Designed;

2. Manufactured; or

3. Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COMMUNICABLE DISEASE EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Communicable Disease**

"Bodily injury" or "property damage" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

**B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Communicable Disease**

"Personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – NEW ENTITIES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Paragraph **3.** of **Section II – Who Is An Insured** does not apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## LIMITATION OF COVERAGE TO DESIGNATED PREMISES, PROJECT OR OPERATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### SCHEDULE

<b>Premises:</b>
<b>Project Or Operation:</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A.** If this endorsement is attached to Commercial General Liability Coverage Form **CG 00 01**, the provisions under this Paragraph **A.** apply:
1. Paragraph **1.b.** under **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:
    - b.** This insurance applies to "bodily injury" and "property damage" caused by an "occurrence" that takes place in the "coverage territory" only if:
      - (1) The "bodily injury" or "property damage":
        - (a) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or
        - (b) Arises out of the project or operation shown in the Schedule;
      - (2) The "bodily injury" or "property damage" occurs during the policy period; and
    - (3) Prior to the policy period, no insured listed under Paragraph **1.** of Section **II – Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
  2. Paragraph **1.b.** under **Section I – Coverage B – Personal And Advertising Injury Liability** is replaced by the following:
    - b.** This insurance applies to "personal and advertising injury" caused by an offense committed in the "coverage territory" but only if:
      - (1) The offense arises out of your business:
        - (a) Performed on the premises shown in the Schedule; or

(b) In connection with the project or operation shown in the Schedule; and

(2) The offense was committed during the policy period.

However, with respect to Paragraph **1.b.(1)(a)** of this Insuring Agreement, if the "personal and advertising injury" is caused by:

(1) False arrest, detention or imprisonment; or

(2) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

then such offense must arise out of your business performed on the premises shown in the Schedule and the offense must have been committed on the premises shown in the Schedule or the grounds and structures appurtenant to those premises.

3. Paragraph **1.a.** under **Section I – Coverage C – Medical Payments** is replaced by the following:

a. We will pay medical expenses as described below for "bodily injury" caused by an accident that takes place in the "coverage territory" if the "bodily injury":

(1) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or

(2) Arises out of the project or operation shown in the Schedule;

provided that:

(a) The accident takes place during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

B. If this endorsement is attached to Commercial General Liability Coverage Form **CG 00 02**, the provisions under this Paragraph **B.** apply:

1. Paragraph **1.b.** under **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

b. This insurance applies to "bodily injury" and "property damage" caused by an "occurrence" that takes place in the "coverage territory" only if:

(1) The "bodily injury" or "property damage":

(a) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or

(b) Arises out of the project or operation shown in the Schedule;

(2) The "bodily injury" or "property damage" did not occur before the Retroactive Date, if any, shown in the Declarations or after the end of the policy period; and

(3) A claim for damages because of the "bodily injury" or "property damage" is first made against any insured, in accordance with Paragraph **1.c.** of this Insuring Agreement, during the policy period or any Extended Reporting Period we provide under Section **V – Extended Reporting Periods**.

2. Paragraph **1.b.** under **Section I – Coverage B – Personal And Advertising Injury Liability** is replaced by the following:

b. This insurance applies to "personal and advertising injury" caused by an offense committed in the "coverage territory" but only if:

(1) The offense arises out of your business:

(a) Performed on the premises shown in the Schedule; or

(b) In connection with the project or operation shown in the Schedule;

(2) The offense was not committed before the Retroactive Date, if any, shown in the Declarations or after the end of the policy period; and

- (3) A claim for damages because of the "personal and advertising injury" is first made against any insured, in accordance with Paragraph 1.c. of this Insuring Agreement, during the policy period or any Extended Reporting Period we provide under Section V – Extended Reporting Periods.

However, with respect to Paragraph 1.b.(1)(a) of this Insuring Agreement, if the "personal and advertising injury" is caused by:

- (1) False arrest, detention or imprisonment; or
- (2) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

then such offense must arise out of your business performed on the premises shown in the Schedule and the offense must have been committed on the premises shown in the Schedule or the grounds and structures appurtenant to those premises.

3. Paragraph 1.a. under **Section I – Coverage C – Medical Payments** is replaced by the following:

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident that takes place in the "coverage territory" if the "bodily injury":

- (1) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or
- (2) Arises out of the project or operation shown in the Schedule;

provided that:

- (a) The accident takes place during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ABUSE OR MOLESTATION EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability**:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

1. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
2. The negligent:
  - a. Employment;
  - b. Investigation;
  - c. Supervision;
  - d. Reporting to the proper authorities, or failure to so report; or
  - e. Retention;of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph 1. above.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TOTAL POLLUTION EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion **f.** under Paragraph **2.**, **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

This insurance does not apply to:

#### **f. Pollution**

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
- (2) Any loss, cost or expense arising out of any:
  - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
  - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – VOLUNTEER WORKERS**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A.** If Endorsement **CG 21 09**, **CG 21 10**, **CG 24 50** or **CG 24 51** is attached to the Policy, the following exclusion is added to Paragraph **2. Exclusions** under **Section I – Coverage A – Bodily Injury And Property Damage Liability**:

This insurance does not apply to:

#### **Volunteer Workers**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft operated by any "volunteer worker" in the course of his or her employment by the insured or while performing duties related to the conduct of the insured's business. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"), "auto" or watercraft that is operated by any "volunteer worker".

This exclusion does not apply to:

- 1.** A watercraft while ashore on premises you own or rent;
- 2.** A watercraft you do not own that is:
  - a.** Less than 26 feet long; and
  - b.** Not being used to carry persons or property for a charge;
- 3.** Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you, the insured, any of your "volunteer workers" or any "volunteer worker" of the insured;

- 4.** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

- 5.** "Bodily injury" or "property damage" arising out of:

- a.** The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- b.** The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

- B.** If Paragraph **A.** does not apply, **Exclusion 2.g. Aircraft, Auto Or Watercraft** under **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

This insurance does not apply to:

#### **g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft:

- (1)** Owned or operated by or rented or loaned to any insured; or
- (2)** Operated by any "volunteer worker" in the course of his or her employment by the insured or while performing duties related to the conduct of the insured's business.

Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured or operated by any "volunteer worker".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you, the insured, any of your "volunteer workers" or any "volunteer workers" of the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
  - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
  - (b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

**C. Paragraph 2.a. of Section I – Coverage C – Medical Payments** is replaced by the following:

We will not pay expenses for "bodily injury":

**a. Any Insured**

To any insured.

**D. Paragraphs 2.a. and 2.b. of Section II – Who Is An Insured** are replaced by the following:

**2.** Each of the following is also an insured:

**a.** Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:

**(1)** "Bodily injury" or "personal and advertising injury":

**(a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" or while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;

**(b)** To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph **(1)(a)** above;

**(c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)** or **(b)** above; or

**(d)** Arising out of his or her providing or failing to provide professional health care services.

**(2)** "Property damage" to property:

**(a)** Owned, occupied or used by;

**(b)** Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

**b.** Any person (other than your "employee"), or any organization while acting as your real estate manager.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FUNGI OR BACTERIA EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A.** The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**
- 2. Exclusions**
- This insurance does not apply to:
- Fungi Or Bacteria**
- a.** "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
  - b.** Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.
- This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.
- B.** The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**
- 2. Exclusions**
- This insurance does not apply to:
- Fungi Or Bacteria**
- a.** "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
  - b.** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.
- C.** The following definition is added to the **Definitions** Section:
- "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SILICA OR SILICA-RELATED DUST EXCLUSION**

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

**B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Silica Or Silica-Related Dust**

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
  - b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.
- C. The following definitions are added to the Definitions Section:**
1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
  2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# AMENDMENT OF LIQUOR LIABILITY EXCLUSION – EXCEPTION FOR SCHEDULED PREMISES OR ACTIVITIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

## SCHEDULE

<p><b>Description Of Premises Or Activities:</b></p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

The following replaces Exclusion **c.** under Paragraph **2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

### 2. Exclusions

This insurance does not apply to:

#### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on your premises, for consumption on your premises;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

This exclusion applies only if you:

- (1) Manufacture, sell or distribute alcoholic beverages;
- (2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
  - (a) Requires a license;
  - (b) Is for the purpose of financial gain or livelihood;
- (3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity; or
- (4) Permit any person to bring any alcoholic beverages on your premises, for consumption on your premises.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of:

- (i) The selling, serving or furnishing of alcoholic beverages at the specified activity described in the Schedule; or
- (ii) Permitting any person to bring any alcoholic beverages on the premises described in the Schedule, for consumption on the premises described in the Schedule.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCESS PROVISION – VENDORS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

When you are added to a manufacturer's or distributor's policy as an additional insured because you are a vendor for such manufacturer's or distributor's products, Paragraph 4., **Other Insurance of Conditions (Section IV)** is amended by the addition of the following:

The coverage afforded the insured under this Coverage Part will be excess over any valid and collectible insurance available to the insured as an additional insured under a policy issued to a manufacturer or distributor for products manufactured, sold, handled or distributed.

POLICY NUMBER: CTK-0004125-00

COMMERCIAL PROPERTY  
CIS CP DEC 02 10 17

## COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS PAGE

NAMED INSURED: Coil Brothers LLC

POLICY PERIOD: 01/01/2019 - 01/01/2020

### DESCRIPTION OF PREMISES

Prem. Bldg. Location, Construction And Occupancy

No. No.

1 1 325 Ayer Rd, Harvard, MA 01451

Masonry Non-Comt TENAN

COVERAGES PROVIDED Insurance At The Described Premises Applies Only For Coverages For  
Which A Limit Of Insurance Is Shown

Prem. No.	Bldg. No.	Coverage	Limit Of Insurance	Covered Cause Of Loss	Coinsurance/ BI Monthly Limit	Deductible	Valuation
1	1	Building	\$150,000	Special	80%	\$2,500	RC
1	1	Equipment Breakdown		Special		\$2,500	

**CANNABIS AND HEMP COVERAGE CISC 99 00**

Loc # 1 Bldg# 1	Growth Stage	Number of Plants	Per Plant Value	Limit Of Insurance
"Living Plant Material"	Immature Seedling			
	Vegetative			
	Flowering			
"Goods In Process"				
Unplanted Seeds				
"Completed Stock"				
"Completed Stock" while on display	As a percentage of the "Completed Stock" Limit Of Insurance, not additional insurance			25%

Loc # Bldg#	Growth Stage	Number of Plants	Per Plant Value	Limit Of Insurance
"Living Plant Material"	Immature Seedling			
	Vegetative			
	Flowering			
"Goods In Process"				
Unplanted Seeds				
"Completed Stock"				
"Completed Stock" while on display	As a percentage of the "Completed Stock" Limit Of Insurance, not additional insurance			25%

Loc # Bldg#	Growth Stage	Number of Plants	Per Plant Value	Limit Of Insurance
"Living Plant Material"	Immature Seedling			
	Vegetative			
	Flowering			
"Goods In Process"				
Unplanted Seeds				
"Completed Stock"				
"Completed Stock" while on display	As a percentage of the "Completed Stock" Limit Of Insurance, not additional insurance			25%

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

### D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

### E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

### F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

# BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

## A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

### b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

### c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
  - (c) Rowboats or canoes out of water at the described premises; or
  - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
  - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (e) Remove deposits of mud or earth from the grounds of the described premises;
  - (f) Extract "pollutants" from land or water; or
  - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

**(5) Examples**

The following examples assume that there is no Coinsurance penalty.

**Example 1**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

**Example 2**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

**b. Preservation Of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
  - (i) Until the property is actually repaired or replaced at the same or another premises; and
  - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
  - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
    - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
    - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
    - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
    - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

## (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
  - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
  - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

## (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
  - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

**D. Deductible**

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

**Example 1**

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100
– 250
<hr style="width: 50px; margin-left: 0;"/>

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:  
\$59,850 + \$80,000 = \$139,850

**Example 2**

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

**E. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**3. Duties In The Event Of Loss Or Damage**

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

#### **5. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### **6. Vacancy**

##### **a. Description Of Terms**

- (1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:
  - (a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

- (2)** Buildings under construction or renovation are not considered vacant.

##### **b. Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
  - (a)** Vandalism;
  - (b)** Sprinkler leakage, unless you have protected the system against freezing;
  - (c)** Building glass breakage;
  - (d)** Water damage;
  - (e)** Theft; or
  - (f)** Attempted theft.
- (2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

#### **7. Valuation**

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
  - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
  - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

## F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

### Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

### Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ( $\$40,000$  amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example 3**

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is: <span style="float: right;">90%</span>	
The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$   
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

**1. Agreed Value**

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and
  - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

**2. Inflation Guard**

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

**Example**

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 =$  \$ 3,200

**3. Replacement Cost**

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
  - (a) Of comparable material and quality; and
  - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

**4. Extension Of Replacement Cost To Personal Property Of Others**

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

**H. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

### A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

### B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

**2. We will not pay for loss or damage caused by or resulting from any of the following:**

**a.** Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.

**d.(1) Wear and tear;**

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

**e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**f.** Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1) You do your best to maintain heat in the building or structure; or
  - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
  - (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b) To collapse caused by one or more of the following:
  - (i) The "specified causes of loss";
  - (ii) Breakage of building glass;
  - (iii) Weight of rain that collects on a roof; or
  - (iv) Weight of people or personal property.
- i. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".
 

This exclusion, **i.**, does not apply to damage to glass caused by chemicals applied to the glass.
- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- 3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
  - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or
    - (4) Maintenance;

of part or all of any property on or off the described premises.

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

##### a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

##### b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
  - (a) Your cancelling the lease;
  - (b) The suspension, lapse or cancellation of any license; or
  - (c) Any other consequential loss.

##### c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
  - (a) Paragraph **B.1.a.** Ordinance Or Law;
  - (b) Paragraph **B.1.c.** Governmental Action;
  - (c) Paragraph **B.1.d.** Nuclear Hazard;
  - (d) Paragraph **B.1.e.** Utility Services; and
  - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

##### (a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

##### (b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

## 5. Additional Exclusion

The following provisions apply only to the specified property:

### Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

## C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
    - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
  - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
  - g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
    - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
    - (2) Changes in or extremes of temperature;
    - (3) Disease;
    - (4) Frost or hail; or
    - (5) Rain, snow, ice or sleet.
  2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
    - a. Animals, and then only if they are killed or their destruction is made necessary.
    - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
      - (1) Glass; or
      - (2) Containers of property held for sale.
    - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

      - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
  - b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
  - c.** \$2,500 for patterns, dies, molds and forms.
  - d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
- a.** Results in discharge of any substance from an automatic fire protection system; or
  - b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### **D. Additional Coverage – Collapse**

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does **not** apply to:

- a.** A building or any part of a building that is in danger of falling down or caving in;
- b.** A part of a building that is standing, even if it has separated from another part of the building; or
- c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
  - c. Yard fixtures;
  - d. Outdoor swimming pools;
  - e. Fences;
  - f. Piers, wharves and docks;
  - g. Beach or diving platforms or appurtenances;
  - h. Retaining walls; and
  - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
  - b. The personal property which collapses is inside a building; and
  - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

#### **E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## F. Additional Coverage Extensions

### 1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

### 2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

### 3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

### G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following:
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - c. Water damage means:
    - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

### SCHEDULE\*

Premises Number(s)	Building Number(s)	Protective Safeguards Symbols Applicable (P-1 to P-9)
1	1	P-1, P-3, P-9
<b>Describe Any "P-9":</b> Interior/Exterior Video Cameras, Safe/Vault, Interior Motion Detectors		
*Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

**A.** The following is added to the Commercial Property Conditions:

**Protective Safeguards**

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage and maintain in the "on" position at all times any automatic fire alarm or other automatic system listed in the Schedule; and
3. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, if part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

**B.** The following is added to the Exclusions section of:

Causes Of Loss - Special Form

We will not pay for loss or damage if, prior to the loss or damage, you failed to comply with any condition set forth in Paragraph **A.**

C. The protective safeguards to which this endorsement applies are identified by the following symbols:

**"P-1" Automatic Sprinkler System**, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
  - (1) Sprinklers and discharge nozzles;
  - (2) Ducts, pipes, valves and fittings;
  - (3) Tanks, their component parts and supports; and
  - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
  - (1) Non-automatic fire protective systems; and
  - (2) Hydrants, standpipes and outlets.

**"P-2" Automatic Fire Alarm**, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

**"P-3" Automatic Burglary Alarm**, protecting the entire building that signals to:

- a. An outside central station; or
- b. A police station.

**"P-4" 24 Hour Professional Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building.

**"P-5" Professional Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

**"P-6" Service Contract** with a privately owned fire department providing fire protection service to the described premises.

**"P-7" Automatic Commercial Cooking Exhaust And Extinguishing System** installed on cooking or processing appliances or machinery and having the following components and maintenance intervals:

- a. Hood;
- b. Grease removal device;
- c. Duct system;
- d. Wet chemical fire extinguishing equipment;
- e. Semi Annual cleaning; and
- f. Annual inspection by a licensed independent contractor.

**"P-9"** the protective system described in the Schedule.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TOTAL FUNGUS, WET ROT, DRY ROT AND BACTERIA EXCLUSION**

This endorsement modifies insurance provided under the following:

### CAUSES OF LOSS – SPECIAL FORM

- A.** Paragraph **B. 1. h. "Fungus", Wet Rot, Dry Rot And Bacteria** is deleted in its entirety and replaced with the following:

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

- B.** Paragraph **E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria** is deleted in its entirety.

**All other terms and conditions of this policy remain unchanged.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – NAMED STORM**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

### **SCHEDULE**

<b>Premises Number</b>	<b>Building Number</b>
ALL	ALL

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

**A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**NAMED STORM**

We will not pay for loss or damage:

1. Caused directly or indirectly by Named Storm, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Named Storm.

But if Named Storm results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Named Storm damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

- B.** The terms of the Named Storm exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.
- C.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss" and replaced by the following:

Windstorm, other than Named Storm, or Hail

- D.** Under **Additional Coverage Extensions – Property In Transit**, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph **b.(1)** and replaced by the following:

Windstorm, other than Named Storm, or Hail

- E.** A Named Storm is a storm system that has been identified as a tropical storm or hurricane and assigned a name by the National Hurricane Center or the Central Pacific Hurricane Center of the National Weather Service (hereafter referred to as NHC and CPHC). Under the terms of this endorsement, a Named Storm begins at the time a Watch or Warning is issued by the NHC or CPHC for the area in which the affected premises are located, and ends 72 hours after the termination of the last Watch or Warning issued for that area by the NHC or CPHC.

This endorsement is part of your policy. It supersedes and controls anything to the contrary. It is otherwise subject to all the terms of the policy.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL PROPERTY NOT COVERED – CANNABIS AND HEMP**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

**A.** The following is added to PROPERTY NOT COVERED:

1. "Living Plant Material", "Goods In Process" and "Completed Stock".

**B.** The following is added to the Definitions:

1. "Living Plant Material" means immature marijuana seedlings, marijuana plants in the vegetative growth stage, and mature flowering marijuana plants rooted in growing medium.
2. "Goods In Process" means mature marijuana plant materials no longer in the growing medium which are in the process of being dried, cured or made ready for sale.
3. "Completed Stock" means mature marijuana plant material no longer in the growing medium which has been completely processed and is ready for sale.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CANNABIS AND HEMP COVERAGE  
CAUSES OF LOSS - SPECIAL FORM

The Coverage Forms to which this endorsement applies is extended to insure against direct physical loss or damage by an "equipment breakdown", but only with respect to coverage provided by this endorsement.

**SECTION I** – The following modifications are made to the Building and Personal Property Coverage Form.

**A.** The following are added to Paragraph 4. Additional Coverages **SECTION A. COVERAGE** as part of and not in addition to the limit per loss.

**1. Pollutant Clean Up and Removal**

We will pay for the Pollutant Clean Up and Removal for loss resulting from an "equipment breakdown". The most we will pay for the Pollutant Clean Up and Removal is \$25,000.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

**2. Expediting Expenses**

We will pay for the expediting expense loss resulting from an "equipment breakdown" with respect to your damaged Covered Property. We will pay the "reasonable extra cost" to:

- a. Make temporary repairs;
- b. Expedite permanent repairs; and
- c. Expedite permanent replacement

"Reasonable extra cost" shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

**3. Refrigerant Contamination**

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "equipment breakdown".

The most we will pay for Refrigerant Contamination is \$25,000.

**4. Spoilage**

a. We will pay for loss of "perishable goods" due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown".

b. However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

c. The most we will pay for Spoilage is \$25,000.

**5. CFC Refrigerants**

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances caused by an "equipment breakdown".

Additional costs mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage or Loss of Income Coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We pay no more than the least of the following:

- a. The cost to repair the damaged property and replace any lost CFC refrigerant;
- b. The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- c. The cost to replace the system with one using a non-CFC refrigerant.

#### **6. Computer Equipment**

We will pay for loss or damage to your "computer equipment" caused by an "equipment breakdown".

#### **7. Service Interruption**

Any insurance provided for Business Income, Extra Expense, or Spoilage is extended to apply to your loss, damage or expense caused by an "equipment breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, or data transmission. The equipment must meet the definition of "equipment breakdown" except that it is not Covered Property.

#### **8. Valuable Papers and Records**

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on electronic media and records as a result of an "equipment breakdown".

This will be part of and not an addition to the limits provided by the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and under the Building and Personal Property Coverage Form.

### **B. The following conditions apply in addition to the common Policy Conditions and the Commercial Property Conditions:**

#### **1. Suspension**

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- a. Your last known address; or
- b. The address where the property is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

#### **2. Jurisdictional Inspections**

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

#### **3. Environmental, Safety and Efficiency Improvements**

If Covered Property requires replacement due to an "equipment breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This Condition does not apply to any property to which Actual Cash Value applies.

#### 4. Green Environmental and Efficiency Improvements

If Covered Property requires repair or replacement due to an "equipment breakdown", we will pay:

- a. The lesser of the reasonable and necessary additional cost incurred by the insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "green". Like kind and quality includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the insured for an accredited professional certified by a "green authority" to participate in the repair or replacement of physically damaged Covered Property as "green".
- c. The additional reasonable and necessary cost incurred by the insured for certification or recertification of the repaired or replaced Covered Property as "green".
- d. The additional reasonable and necessary cost incurred by the insured for "green" in the removal, disposal or recycling of damaged Covered Property.
- e. The business interruption (if covered within the policy to which this Equipment Breakdown Enhancement Endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "green", in the coverages above.

We will not pay more than 150%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

**Green Environmental and Efficiency Improvements** does not cover any of the following:

- a. Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the insured is legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the insured was legally obligated to comply prior to the time of the "equipment breakdown".

#### C. The following are added to the Definitions:

1. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.
2. "Equipment breakdown" as used herein means:
  - a. Physical loss or damage both originating within:
    - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
      - (a) Waste disposal piping;
      - (b) Any piping forming part of a fire protective system;
      - (c) Furnaces; and
      - (d) Any water piping other than:
        - (i) Boiler feed water piping between the feed pump and the boiler;
        - (ii) Boiler condensate return piping; or
        - (iii) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.

- (2) All mechanical, electrical, fiber optic equipment or electronic ; and
- b. Caused by, resulting from, or consisting of:
  - (1) Mechanical breakdown;
  - (2) Electrical or electronic breakdown; or
  - (3) Rupture, bursting, bulging, implosion, or steam explosion.

However, "equipment breakdown" will not mean:

- a. Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:
  - (1) Wear and Tear;
  - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
  - (3) Smog;
  - (4) Settling, cracking, shrinking or expansion;
  - (5) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
  - (6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software; or
  - (7) Scratching and marring.
- b. Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:
  - Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.
- 3. "Green" means products, materials, methods and processes certified by a "green authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
- 4. "Green Authority" means an authority on "green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), Green Building Initiative Green Globes®, Energy Star Rating System or any other recognized "green" rating system.
- 5. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.
- 6. "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

**SECTION II** – The following modifications are made to the Causes of Loss - Special Form.

- A. The following is added to Paragraph A., **Covered Causes Of Loss**:
  - 1. "Equipment Breakdown"
- B. Paragraphs B.2.d. (6) and B.2.e, under B. **Exclusions**, do not apply.
- C. Paragraph B.2.a., under B. **Exclusions** is deleted and replaced with the following:
  - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
    - (1) Electrical or electronic wire, device, appliance, system or network; or
    - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if an "equipment breakdown" results, we will pay for the loss or damage caused by that "equipment breakdown".

D. Paragraphs **C.1.a.** and **C.1.b.**, under **C. Limitation**, do not apply.

E. Paragraph **G.2.**, under **G. Definitions** is deleted and replaced with the following:

2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire- extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; "equipment breakdown".
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man- made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - c. Water damage means:
    - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
    - (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

**SECTION III** – The following modifies coverage provided by the Cannabis and Hemp Coverage Form.

A. The following Covered Cause of Loss is added to Paragraph **C.3.**, **Covered Causes Of Loss** in the Cannabis and Hemp Coverage Form:

"Equipment Breakdown"

B. For coverage provided by **the Cannabis and Hemp Coverage form**, Paragraph **C.5.**, under **C. Definitions in SECTION I of this Endorsement** is deleted and replaced with:

5. "Perishable goods" means stock, including "Living Plant Material", "Goods In Process" and "Completed Stock", preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

- C. For coverage provided by **the Cannabis and Hemp Coverage form**, the following is modified in **SECTION I of this Endorsement**, Paragraph **A.4.c.**, under **4. Additional Coverages**:

The most we will pay for Spoilage including, "Living Plant Material", "Goods In Process" and "Completed Stock", is \$25,000.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**LIMITATIONS ON COVERAGE FOR ROOF SURFACING**

This endorsement modifies insurance provided under the following:

- BUILDERS RISK COVERAGE FORM
- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

**SCHEDULE**

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
ALL	ALL	B

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A.** The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this Paragraph **A.**:

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

**B.** The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B.**:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

**C.** For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

- BUILDERS RISK COVERAGE FORM
- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY
- TOBACCO SALES WAREHOUSES COVERAGE FORM

**SCHEDULE**

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
ALL	ALL	2 %
		%
		%

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

**WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS**

**A. Calculation Of The Deductible – All Policies**

1. A Deductible is calculated separately for, and applies separately to:
  - a. Each building that sustains loss or damage;
  - b. The personal property at each building at which there is loss or damage to personal property; and
  - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.

3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

**B. Calculation Of The Deductible – Specific Insurance Other than Builders' Risk**

**1. Property Not Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

**2. Property Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

**C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk**

**1. Property Not Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

**2. Property Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

**D. Calculation Of The Deductible – Builders' Risk Insurance**

**1. Builders' Risk Other Than Reporting Form**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

**2. Builders' Risk Reporting Form**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

**Examples – Application Of Deductible**

**Example 1 – Specific Insurance (B.1.)**

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$80,000 (80% of \$100,000).

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1):  $\$70,000 \div \$80,000 = .875$

Step (2):  $\$60,000 \times .875 = \$52,500$

Step (3):  $\$70,000 \times 1\% = \$700$

Step (4):  $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

#### **Example 2 – Specific Insurance (B.1.)**

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$100,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the Coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

#### **Building**

Step (1):  $\$80,000 \times 2\% = \$1,600$

Step (2):  $\$60,000 - \$1,600 = \$58,400$

#### **Personal Property**

Step (1):  $\$64,000 \times 2\% = \$1,280$

Step (2):  $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

#### **Example 3 – Blanket Insurance (C.1.)**

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000) and Building 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit Of Insurance covering Buildings 1, 2, and 3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Buildings 1 and 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building 1) and \$20,000 (Building 2).

The Deductible is 2%.

#### **Building 1**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$40,000 - \$10,000 = \$30,000$

#### **Building 2**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

#### **Example 4 – Blanket Insurance (C.1.)**

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Personal Property at Building 1 (\$250,000) and Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit Of Insurance covering Buildings 1 and 2 and Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building 1 and Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

#### **Building**

Step (1):  $\$500,000 \times 5\% = \$25,000$

Step (2):  $\$95,000 - \$25,000 = \$70,000$

#### **Personal Property**

Step (1):  $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.  
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supercedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
  - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including micro-processors;
      - (2)** Computer application software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips) not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;
 

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
  - 2.** Under the Commercial Property Coverage Part:
    - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
    - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;
 

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## MASSACHUSETTS CHANGES

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART

**A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

**B.** If loss or damage is caused by fire or lightning, the **Vacancy** Loss Condition is replaced by the following:

#### VACANCY OR UNOCCUPANCY

If the building where loss or damage occurs, whether intended for occupancy by owner or tenant, has been vacant or unoccupied for more than:

1. 60 consecutive days for residential premises of 3 units or less; or
2. 30 consecutive days for all other premises;

immediately before that loss or damage, we will not pay for the loss or damage.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

**C.** The **Mortgageholders** Additional Condition is replaced by the following:

We will pay for covered loss of or damage to real estate to each mortgageholder shown in the Declarations, or in an attached schedule, in the order of precedence, as interests may appear.

**D.** Paragraph **3.d.** of the **Replacement Cost** Optional Coverage is replaced by the following:

**d.** We will not pay on a replacement cost basis for any loss or damage:

**(1)** Until the lost or damaged property is actually repaired or replaced:

- (a)** On the described premises; or
- (b)** At some other location in the Commonwealth of Massachusetts; and

**(2)** Unless the repairs or replacement are made within a reasonable time, but no more than 2 years after the loss or damage.

With respect to tenants' improvements and betterments, if covered, the following also apply:

**(3)** If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of the applicable Coverage Form; and

**(4)** We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

**E.** The following provisions are added:

**1.** In spite of any provision of any general or special law:

**a.** We will not pay for loss or damage to real property caused by any Covered Cause of Loss if the amount of loss is \$5,000 or more unless you first submit to us a certificate of municipal liens from the collector of taxes of the city or town where the property is located.

**b.** We will pay to the city or town any amount outstanding on the certificate of municipal liens arising from the provisions of Massachusetts General Law Chapters 40, 59, 60, 80, 83 and 164, Sections 58B through 58F.

The payment will not exceed the amount of loss payable under this Coverage Part.

We will send you and the mortgageholder proof of our payment to the city or town.

**c.** The claim of the city or town will have priority over the claim of any mortgageholder, assignee, you or any other interested party, except where otherwise provided by the laws of the United States.

d. We will not be liable to any city, town, mortgageholder, assignee, you or any other interested party for:

- (1) Amounts paid to a city or town; or
- (2) Amounts not paid to a city or town based upon a certificate showing that no municipal liens exist.

e. Paragraphs 1.a., 1.b., 1.c., and 1.d. above will not apply to any owner-occupied one- to four-family dwelling if the owner of the dwelling lived there when the claim for loss or damage arose.

2. We will not pay any claim for:

- a. Loss, damage or destruction of \$1,000 or more to a building or structure; or
- b. Loss, damage or destruction, of any amount, that causes a building or structure to become:
  - (1) Dangerous to life or limb; or
  - (2) Unused, uninhabited or abandoned and open to the weather;

as provided under Massachusetts General Law, Section 6 of Chapter 143;

without giving at least 10 days' written notice before such payment to:

- c. The Building Commissioner or the appointed Inspector of Buildings; and
- d. The Board of Health or the Board of Selectmen of the city or town where the property is located.

3. If at any time before our payment, the city or town notifies us by certified mail of its intent to begin proceedings designed to perfect a lien under Massachusetts General Law:

- a. Chapter 143, Section 3A or 9; or
- b. Chapter 111, Section 127B;

we will not pay while the proceedings are pending. The proceedings must be started within 30 days after we receive the notice.

Any lien perfected under the Massachusetts General Laws referred to in 3.a. and 3.b. above will extend to the city or town and may be enforced by it against the proceeds of this policy.

4. We will not be liable to any city, town, mortgageholder, assignee, you or any other interested party for:

- a. Amounts paid to a city or town; or
- b. Amounts not paid to a city or town; under Provisions 2. and 3. above.

F. The following condition is added and supersedes any provisions to the contrary:

#### **NONRENEWAL**

This provision applies to coverage on real property which is used predominantly for residential purposes and consists of not more than four dwelling units, and to coverage on personal property of a person residing in such real property:

- 1. Ordinarily we will renew this policy automatically and send you the renewal notice. Our notice will explain what you should do if you do not want to continue this policy.
- 2. We may elect not to renew this policy. We may do so by delivering to you or mailing to you at your last mailing address shown in the Declarations, written notice of nonrenewal, accompanied by the specific reasons for nonrenewal, at least 45 days before the expiration date of this policy. However, if your policy was executed on behalf of us, in whole or in part, by or on behalf of your insurance agent or our insurance broker, we will send such written notice only to the agent or broker. Every insurance agent or broker receiving this notice is required to, within 15 days of its receipt, send a copy to you unless the agent or broker has replaced the insurance.

G. The following is added:

### STANDARD FIRE POLICY PROVISIONS

Your policy contains Legal Action Against Us, Appraisal and Cancellation Provisions. Massachusetts law requires that the Suit, Appraisal and Cancellation Provisions of the Massachusetts Standard Fire Policy supersede any similar provisions contained in your policy. Therefore, all Legal Action Against Us, Appraisal and Cancellation Provisions contained in your policy are void. The Suit, Appraisal and Cancellation Provisions of the Massachusetts Standard Fire Policy shall apply instead.

In consideration of the Provisions and Stipulations Herein or Added Hereto and of the Premium Specified in the Declarations, this company, for the term of years specified in the Declarations from inception date (At 12:01 A.M. Standard Time) to expiration date (At 12:01 A.M. Standard Time) at location of property involved, to an amount not exceeding the amount(s) specified in the Declarations, does insure the Insured named in the Declarations and legal representatives, to the extent of the actual cash value of the property at the time of loss, but in no event for more than the interest of the insured, against all Loss By Fire, Lightning And By Removal From Premises Endangered By The Perils Insured Against In This Policy, Except As Hereinafter Provided, to the property described in the Declarations while located or contained as described in this policy or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

**Concealment  
Fraud**

This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

**Uninsurable  
And Excepted  
Property**

This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

**Perils Not  
Included**

This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in the neighboring premises; (j) nor shall this company be liable for loss by theft.

**Other  
Insurance**

Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

**Conditions Suspending Or Restricting Insurance** Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring **(a)** while the hazard is increased by any means within the control or knowledge of the insured; or **(b)** while the described premises, whether intended

for occupancy by owner or tenant, are vacant or unoccupied beyond a period of sixty consecutive days, for residential premises of three units or less and thirty (30) consecutive days for all other premises, or **(c)** as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

**Other Perils Or Subjects** Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

**Added Provisions** The extent of the application of insurance under this policy and of the contribution to be made by this company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

**Waiver Provisions** No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this company relating to appraisal or to any examination provided for herein.

**Cancellation Of Policy** This policy shall be cancelled at any time at the request of the insured, in which case this company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this company by giving to the insured a five days written notice of cancellation, and to the mortgagee to whom this policy is payable twenty days written notice of cancellation except where the stated reason for cancellation is nonpayment of premium where, in such instance, this policy may be cancelled at any time by this company by giving to the insured a ten days written notice of cancellation, and the mortgagee a twenty days written notice of cancellation, with or without tender of the excess paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand and shall state or be accompanied by a statement of the specific reason or reasons for such cancellation. After this policy has been in effect for sixty days, or after sixty days from any anniversary date, no notice of cancellation shall be effective unless it is based on the occurrence, after the effective date of the policy, of one or more of the following: **(1)** nonpayment of premium; **(2)** conviction of a crime arising out of acts increasing the hazard insured against; **(3)** discovery of fraud or material misrepresentation by the insured in obtaining the policy; **(4)** discovery of willful or reckless acts or omissions by the insured increasing the hazard insured against; **(5)** physical changes in the property insured which result in the property becoming uninsurable; or **(6)** a determination by the commissioner that continuation of the policy would violate or place the insurer in violation of the law. Where the stated reason is nonpayment of premium, the insured may continue the coverage and avoid the effect of the cancellation by payment at any time prior to the effective date of cancellation.

**Mortgagee  
Interests And  
Obligations**

Notwithstanding any other provisions of this policy, if this policy shall be made payable to a mortgagee of the covered real estate, no act or default of any person other than such mortgagee or his agent or

those claiming under him, whether the same occurs before or during the term of this policy, shall render this policy void as to such mortgagee nor affect such mortgagee's right to recover in case of loss on such real estate; provided, that the mortgagee shall on demand pay according to the established scale of rate for any increase of risk not paid for by the insured; and whenever this company shall be liable to a mortgagee for any sum for loss under this policy for which no liability exists as to the mortgagor, or owner, and this company shall elect by itself, or with others, to pay the mortgagee the full amount secured by such mortgage, then the mortgagee shall assign and transfer to the company interested, upon such payment, the said mortgage together with the note and debt thereby secured.

**Pro Rata  
Liability**

This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property

against the peril involved.

**Requirements  
In Case Loss  
Occurs**

The insured shall give immediate written notice to this company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best

possible order, furnish a complete inventory of the destroyed and damaged property, showing in detail the quantity, description, actual cash value and amount of loss claimed; and the insured shall forthwith render to this company a signed, sworn statement in proof of loss which sets forth to the best knowledge and belief of the insured the following: the time and cause of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupancy, location, possession or exposures of said property, since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and detailed estimates for repair of the damage. The insured, as often as may be reasonably required, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same; and as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made.

**When Loss Payable**

In case of any loss or damage, the company within thirty days after the insured shall have submitted a statement, as provided in the preceding clause, shall either pay the amount for which it shall be liable, which amount if not agreed upon shall be ascertained by award of referees as hereinafter provided, or replace the property with other of the same kind and goodness, or it may, within fifteen days after such statement is submitted, notify the insured of its intention to rebuild or repair the premises, or any portion thereof separately covered by this policy, and shall thereupon enter upon said premises and proceed to rebuild or repair the same with reasonable expedition. It is moreover understood that there can be no abandonment of the property described to the company, and that the company shall not in any case be liable for more than the sum insured, with interest thereon from the time when the loss shall become payable, as provided above. The company shall be liable for the payment of interest to the insured at a rate of one percent over the prime interest rate on the agreed figure commencing thirty days after the date an executed proof of loss for such figure is received by the company, said interest to continue so long as the claim remains unpaid.

**Appraisal**

In case of loss under this policy and a failure of the parties to agree as to the amount of loss, it is mutually agreed that the amount of such loss shall be referred to three disinterested men, the company and the insured each choosing one out of three persons to be named by the other, and the third being selected by the two so chosen, and the award in writing by a majority of the referees shall be conclusive and final upon the parties as to the amount of loss or damage, and such reference, unless waived by the parties, shall be a condition precedent to any right of action in law or equity to recover for such loss; but no person shall be chosen or act as a referee, against the objection of either party, who has acted in a like capacity within four months.

**Suit**

No suit or action against this company for the recovery of any claim by virtue of this policy shall be sustained in any court of law or equity in this commonwealth unless commenced within two years from the time the loss occurred; provided, however, that if, within said two years, in accordance with the provisions of the preceding paragraph, the amount of the loss shall have been referred to arbitration after failure of the parties to agree thereon, the limitation of time for bringing such suit or action shall in no event be less than ninety days after a valid award has been made upon such reference or after such reference or award has been expressly waived by the parties. If suit or action upon this policy is enjoined or abated, suit or action may be commenced at any time within one year after the dissolution of such injunction, or the abatement of such suit or action, to the same extent as would be possible if there was no limitation of time provided herein for the bringing of such suit or action.

**Subrogation**

This company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this company.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MASSACHUSETTS – FUNGUS, WET ROT, DRY ROT AND BACTERIA EXCLUSION AND LIMITATIONS**

This endorsement modifies insurance provided under the following:

### CAUSES OF LOSS – SPECIAL FORM

**A.** Exclusion **B.1.h.** is replaced by the following exclusion:

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

**B.** The **Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria** is replaced by the following:

1. The coverage described in **B.2.** and **B.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A Covered Cause of Loss other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **B.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of Covered Causes of Loss (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of the Causes Of Loss – Special Form or under the Additional Coverage, Collapse in that Form.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form:
  - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

### **SCHEDULE**

<b>Designation Of Premises (Part Leased To You):</b>	
Location#: 1	Building#: 1
<b>Name Of Person(s) Or Organization(s) (Additional Insured):</b> LTI Harvard Applemworks LP	
<b>Additional Premium:</b> \$50.00	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person(s) or organization(s) shown in the Schedule.

However:

1. The insurance afforded to such additional insured only applies to the extent permitted by law; and

2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

**B.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III – Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
  2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

# WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

## SCHEDULE

**Name Of Person Or Organization:**

LTI Harvard Applemworks LP  
120 Fulton Street, Boston, MA 02109

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to Paragraph 8. **Transfer Of Rights Of Recovery Against Others To Us** of Section IV – Conditions:

We waive any right of recovery we may have against the person or organization shown in the Schedule above because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard". This waiver applies only to the person or organization shown in the Schedule above.

## QUALITY CONTROL AND TESTING

### Coil Brothers

#### Introduction

Coil Brothers will implement quality assurance and quality control (QA/QC) and laboratory testing policies and procedures to ensure that cannabis products are manufactured safely and consistently, ensure Marijuana Establishment Agent safety, and promote environmental sustainability. Secondly, manufactured products will be required to undergo testing by an Independent Testing Laboratory (ITL) to confirm safety, quality, and consistency, in adherence to *935 CMR 500.105(1)(g)*. Coil Brothers will adhere to best operational practices, including, but not limited to:

- Utilizing innovative equipment and technologies;
- Maintaining a safe, secure, and clean facility premises;
- Hire qualified Marijuana Establishment Agents and provide comprehensive and ongoing training;
- Establish QA/QC management systems and routine audits;
- Incorporating solvents and ingredients into manufacturing that are proven to be high-quality, safe, and will not compromise the integrity of the finished cannabis products;
- Submission and verification of cannabis samples to independent testing laboratories;
- Maintain accurate recordkeeping of QA/QC and testing practices; and
- Following strict SOPs to respond and document to any voluntary and mandatory recalls.

In order to implement strict quality control procedures, Coil Brothers will meet or exceed all applicable requirements regarding manufacturing operations and testing best practices. Careful facility design, strict Marijuana Establishment Agent requirements, and routinely sanitized and maintained production areas and equipment will help to promote an organized and sterile environment, thereby preventing the contamination of cannabis products.

Coil Brothers will create company policies and standard operating procedures (SOPs) to address and carefully outline steps necessary to ensure quality control at every stage of manufacture. QA/QC policies and procedures will address Marijuana Establishment Agent safety and hygiene, facility maintenance and sanitation, accurate inventory recordkeeping and storage,

routine audits and inspections, and promote environmental best practices. SOPs will address potential hazards and safety controls, best QA/QC practices, and detailed descriptions of how to carry out each manufacturing step. Policies and procedures will be audited on a monthly basis, documented, and made available to the Commission, upon request.

In addition, Coil Brothers will submit all Production Batches of cannabis products manufactured at the facility premises to be tested by a licensed Independent Testing Laboratory (ITL) prior to distribution to a Marijuana Retailer. Coil Brothers will comply with the requirements set forth in *935 CMR 500.160* and will perform accurate recordkeeping and documentation of compliance with the testing requirements, which will be made available to the Commission upon request, per *935 CMR 500.130(4)*. In the event that a Production Batch fails to abide by the testing requirements, it will be recalled either by voluntary or mandatory request. Coil Brothers will have strict SOPs to receive, respond, document, and destroy recalled cannabis products, in compliance with *935 CMR 500.130(5)(b)*.

#### *QA/QC and Testing Management*

Coil Brothers will establish internal inspections and documentation of QA/QC and testing compliance and procedures. The Chief Compliance Advisor, with support from the COO and Director of Extraction, will oversee, routinely inspect, and regularly update all Marijuana Establishment Agents on QA/QC and testing procedures. In addition, the QA/QC team will conduct internal laboratory analysis of cannabis products and manage response procedures in the event of a recalls. Effective QA/QC management will work to prevent or minimize the occurrence of recalls and the QA/QC team will work to implement best practices, including, but not limited to:

- Routine testing and analysis of cannabis products to ensure batch consistency and contamination prevention;
- Continuously review and improve SOPs;
- Approve or reject ingredients and incoming cannabis material;
- Approve or reject updated SOPs, product containers, solvents and ingredients, and packaging supplies that may impact identity, potency, quality, or purity of cannabis products; and

- Perform routine inspections and audits of QA/QC and testing protocols, and report any errors or discrepancies.

### Compliance with Applicable Regulations

Coil Brothers facility and QA/QC procedures will be compliant with all local, Commonwealth, and federal laws and regulations. Marijuana Establishment Agents will be trained on all regulations, policies, and procedures upon employment at Coil Brothers, including all safety guidelines set forth by the Occupational Safety and Health Administration's (OSHA) *Hazard Communication Standard (HCS; 29 CFR 1910.1200)*. Coil Brothers QA/QC procedures will follow federal manufacturing standards, including the U.S. Food and Drug Administration's (FDA) best practices, current Good Manufacturing Practices (cGMP), and International Organization for Standardization (ISO) standards for applicable manufacturing procedures.

### *Current Good Manufacturing Practices (cGMP)*

Current GMP standards are implemented by the U.S. Food and Drug Administration (FDA) and address the design, maintenance, monitoring, and careful control over manufacturing policies and operations. These standards work to prevent contamination, alteration, deviation, and failures with manufacturing procedures. Applicable cGMP standards will be implemented throughout Coil Brothers' manufacturing operations, including storage, handling, extraction and post-refinement, packaging, disposal, and testing sample preparation. If required, Coil Brothers will utilize third-party resources to obtain approval for applicable cGMP certifications. This will be accomplished by a series of planned and unplanned inspections that will be documented.

### *International Organization of Standardization (ISO) 9000/9001*

Coil Brothers will adhere to applicable quality management standards set forth by ISO 9000/9001 and may pursue ISO 9001:2015 certification to ensure that manufacturing operations are compliant with federal standards. Certification will provide assurance that policies, facility design, and SOPs are in line with ISO standards, including information related to the safe manufacture of cannabis products. Coil Brothers intends to become an example of how cannabis companies should manufacture quality products by pursuing this certification.

### *Occupational Safety Health and Organization (OSHA)*

Coil Brothers will strictly enforce compliance with all OSHA standards for the manufacture of cannabis products. Standards include requirements for facility design, building controls, and measures to ensure Marijuana Establishment Agent safety at all times on the facility premises. Marijuana Establishment Agents will be trained on how to recognize workplace hazards, prevent workplace injuries, wear appropriate personal protective equipment, handle hazardous materials, read and interpret Safety Data Sheets (SDS), and respond to emergency situations.

OSHA safety training will be required for all Marijuana Establishment Agents upon hire and includes the *Hazard Communication Standard (HCS)*. Training will allow Marijuana Establishment Agents to have a clear understanding of the chemical hazards present in the workplace. The OSHA *HCS* program will train Marijuana Establishment Agents on how to handle, store, and properly dispose of hazardous chemicals used throughout manufacturing operations. In addition, the training includes how to read and understand Safety Data Sheets (SDS) and the location of these documents within the facility. Continuing OSHA training will be updated as necessary as new techniques or hazardous chemicals are introduced into manufacturing operations. Emergency plans as it relates to chemical fires, chemical spills, and medical emergencies will be a part of this training and updated as necessary.

### *Other Federal Standards*

Coil Brothers intends to abide by any applicable federal, Commonwealth, and local standards set forth by the Commission. Furthermore, Coil Brothers will adhere to FDA and USDA standards outlining Hazard Analysis and Critical Control Points (HACCP). HACCP is a systematic approach to prevent biological, chemical, and physical contamination or hazards concomitant with food safety standards. These guidelines aim to identify areas of improvement for how to control for contamination or hazards at each step in the manufacturing operation.

In addition, Coil Brothers will work to abide by standards in the USDA Harmonized Food Safety Standards, the 2011 Food Safety Modernization Act (FSMA), and the FDA Food, Drug, and Cosmetic (FC&C) food safety standards (FDA C.F.R. Title 21) applicable for the manufacture of cannabis products. To pursue these efforts, Coil Brothers will begin to collaborate with third-party compliance experts to perform the necessary audits and recommendations.

### *Compliance with 105 CMR 300.000*

Coil Brothers will comply with applicable standards set forth by *105 CMR 300.000: Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements* outlined by the Department of Health in the Commonwealth of Massachusetts. These regulations outline the types of foodborne illnesses associated with microbial contamination of food products, how to prevent foodborne illness and promote food safety measures in manufacturing operations, and how to report suspected or verified contamination of products. Coil Brothers does not intend to manufacture edibles at the start of manufacture; however, applicable standards within these regulations will be complied with, in accordance to *935 CMR 500.105(3)(b)(1)*.

### Safety and Sanitation Policies

Coil Brothers will strictly enforce company policies and procedures to comply with all safety and sanitation requirements set forth by the Commission, including applicable food-safety requirements. SOPs will be designed to maximize Marijuana Establishment Agent safety and minimize occurrences of potential hazards or contamination. Marijuana Establishment Agents are required to follow all safety protocols and procedures throughout each manufacturing step. In compliance with *935 CMR 500.105(1)(l)(2)*, Marijuana Establishment Agents that engage in unsafe practices will be terminated and the incident will be immediately documented and reported to the Commission. Safety and sanitation requirements include, but are not limited to:

- Strict adherence to manufacturing and QA/QC SOPs;
- Maintaining adequate hygiene and cleanliness practices;
- Personal protective equipment (PPE) is worn at all times;
- Routine sanitization and cleaning of equipment and surfaces; and
- Utilizing high-quality, pharmaceutical or food-grade solvents, ingredients, and excipients used in the manufacture of cannabis products.

### *Employee Safety and Hygiene*

Marijuana Establishment Agents, including those that develop or manufacture cannabis products, will be required to conform to Coil Brothers policies regarding personal hygiene and sanitation while on duty in accordance to *935 CMR 500.105(3)(b)(1)*. Marijuana Establishment Agents handling cannabis during the receiving, inspecting, preparing, manufacturing, storing,

packaging, disposal, transportation, or any other time they are working directly with cannabis products are required to follow sanitation principles.

Pursuant to *935 CMR 500.105(3)(b)(1)(a)*, Marijuana Establishment Agents are required to maintain adequate personal cleanliness at all times within the Limited Access Areas where manufacturing operations occur. Hygiene policies and procedures will be in alignment with pharmaceutical or food-service standards. Policies for Marijuana Establishment Agent hygiene include:

- Personal belongings will not be permitted in the Limited Access Areas where cannabis is handled, stored, or disposed. Marijuana Establishment Agents will have a designated area outside of the Limited Access Area to store all belongings upon arrival to work;
- Marijuana Establishment Agents must remove any unsecured jewelry, hand jewelry, or other objects that may fall into cannabis products. If hand jewelry cannot be removed, it must be covered by gloves or other material that is intact, clean, and sanitary;
- Marijuana Establishment Agents must avoid contact with hair or skin during manufacturing operations;
- Marijuana Establishment Agents are required to wear nitrile gloves at all times when handling cannabis or cannabis products, ingredients or excipients, and equipment components. Gloves must be kept intact, clean, and in a sanitary condition. Gloves must be changed frequently, or when hands become soiled or contaminated;
- Marijuana Establishment Agents are required to wear long pants and close-toed shoes as part of the daily uniform;
- Marijuana Establishment Agents must wear PPE at all times within the Limited Access Areas to prevent contamination of product and to protect Marijuana Establishment Agents from workplace hazards;
- There will be no eating, chewing gum, drinking beverages, or using tobacco products in the Limited Access Areas where cannabis products, ingredients, solvents, and other materials used for manufacturing are located;
- Marijuana Establishment Agents are required to wash hands before starting work, after each absence of duty, before starting any new manufacturing step, any time hands come into contact with bodily surfaces, unsanitary surfaces, or any other time when hands

become soiled or contaminated according to 935 CMR 500.105(3)(b)(1)(b). Hand-washing stations will be made available to support frequent hand-washing;

- Marijuana Establishment Agents are not permitted to perform manufacturing operations while experiencing an illness that has the capability to transmit disease open lesions, including boils, sores, infected wounds, or any other abnormal source of microbial contamination; and
- Adherence to cleaning schedules and using EPA certified cleaning solutions for sanitization of cleaning surfaces and equipment.

If a supervisor on duty believes that a Marijuana Establishment Agent responsible for handling cannabis products is ill, they will be immediately required to excuse the Marijuana Establishment Agent from work, unless the illness will not adversely affect the sterility or quality of the product. Marijuana Establishment Agents are required to self-report to a supervisor any personal health conditions that might compromise the sterility and quality of the cannabis product. If the supervisor continues to believe that the Marijuana Establishment Agent is ill, the Marijuana Establishment Agent will be required to obtain a physician's release prior to returning back to work. Marijuana Establishment Agents who observe other Marijuana Establishments Agents with any of the symptoms will be instructed to report observations to the Director of Extraction or the COO to follow up with the Marijuana Establishment Agent in question.

#### *Personal Protective Equipment (PPE)*

Marijuana Establishment Agents are required to wear personal protective equipment (PPE) at all times within the Limited Access Areas of the facility premises in compliance with OSHA standards. Marijuana Establishment Agents are required to wear clean attire, with long pants and close-toed shoes to protect Marijuana Establishment Agents from exposure to solvents, ingredients, or other raw materials throughout manufacturing operations. PPE serves as a barrier from hazards and serves to protect sterile environments from contamination. Hazards addressed by PPE include physical, electrical, thermal, chemical, biohazards, and airborne particulate matter. PPE is required upon immediate entry and is mandatory at all times in the Limited Access Areas where cannabis is handled, stored, or disposed. PPE must be worn correctly based upon manufacturer recommendations and must be compatible with other PPE items. PPE will be inspected and replaced based upon manufacturer recommendations or as needed. Marijuana

Establishment Agents will be trained on the appropriate use of PPE for each manufacturing step prior to commencement of work. Per OSHA standards, Marijuana Establishment Agents will be required to know when and what PPE items are necessary for each job function and how to properly wear, remove, or adjust PPE. PPE requirements will also be listed in each SOP specific for each manufacturing step.

Marijuana Establishment Agents will be required to wear the appropriate clothing and protective eye-wear, such as safety glasses or goggles at all times. In addition to this requirement, Marijuana Establishment Agents will be required to wear food-grade nitrile gloves, laboratory jackets or gowns, hairnets and beard nets, shoe covers or booties, ear plugs, and respirators or face masks. These items will meet or exceed standards developed by the American National Standards Institute (ANSI).

#### Facility Design and Safety Measures

Coil Brothers will ensure that the facility premises is in proper working condition, regularly maintained, and upholds the highest level of safety standards for Marijuana Establishment Agents. The facility is compartmentalized to comply with building codes, limit access to Marijuana Establishment Agents, minimize cross-contamination, and promote manufacturing flow and efficiency. The Coil Brothers facility is separated into three major zones: the production areas, waste storage and disposal areas, and the reception area. The production areas will be designed according to applicable International Building Code (IBC), National Fire Protection Association (NFPA), OSHA requirements, and any other regulations set forth by the Commonwealth of Massachusetts or the Town of Harvard. Coil Brothers will consult with third-party occupational safety experts to enhance building design and safety as necessary.

#### *NFPA Standards*

Coil Brothers will exceed federal, Commonwealth, and local fire, safety, and building codes as it relates to the use of flammable materials throughout extraction and manufacturing. Coil Brothers has already engaged with and will continually work with the local Fire Department to ensure adequate safety systems and precautions are in place, including reliable alarm systems and rapid emergency evacuation procedures. Fire extinguishers will be easily accessible and fire sprinklers will be located in areas throughout the facility as required by the local Fire Department.

Marijuana Establishment Agents will be trained on emergency fire response and will be subject to random fire drills.

In addition, ventilation systems and equipment, such as chemical exhaust fume hoods, will be installed to safely handle harmful or flammable solvents. Appropriate NFPA 704 signage will be displayed on at each entryway to the facility and production areas, on containers with hazardous chemicals, and on any chemical storage cabinets within the facility. Building codes will abide by the new 2018 NFPA 1 Fire Code, Chapter 38: Marijuana Growing, Processing, or Extraction Facilities. In addition, the facility will abide by other applicable NFPA codes, including, but not limited to:

- NFPA 30 – Flammable and Combustible Liquids Code;
- NFPA 36 – Standard for Solvent Extraction Plants;
- NFPA 45 – Protection for Laboratories Using Chemicals;
- NFPA 70 – National Electric Code; and
- NFPA 704 – Hazardous Chemical Identification.

As mentioned in the *Proposed Methods* section of the application, the chosen CO<sub>2</sub> extraction equipment may allow Coil Brothers to eliminate the winterization and filtration manufacturing step, which involved ethanol solvent. However, the building will be built to NFPA codes to allow for those procedures to occur. Coil Brothers will adhere to NFPA standards for solvent classification, safe handling, storage, and disposal of flammable liquids.

NFPA codes will be followed to prevent ethanol concentrations from exceeding the Lower Explosive Limit (LEL) of 3.3%. The LEL is the maximum vapor concentration allowed in an area in which flammable vapor will not ignite or burn in the presence of an ignition source. Ethanol will be handled in chemical exhaust fume hoods that will have sufficient HVAC connections to support the required airflow and spark-proof electrical and equipment wiring. In addition, alarms will be positioned to monitor and detect the local concentration of ethanol vapor and will activate rapid ventilation if levels exceed the LEL.

### *Production Areas*

Coil Brothers will implement control areas that include adequate building ventilation, enclosures, local exhaust ventilation, monitors and alarms, or other engineering controls. The production area will have adequate systems to control airflow, temperature, humidity, and potential

sources of contamination. Air filtration, exhaustion, and recirculation equipment will work to prevent dust and airborne particulate from contaminating cannabis or cannabis products. Chemical exhaust fume hoods, lighting, and electrical components will comply with OSHA and NFPA standards and will be spark-proof where necessary.

The closed-loop CO<sub>2</sub> extraction equipment will be located within the production area of the facility. The production area is designed to be a larger area to allow Marijuana Establishment Agents ample response time to vacate the production area in the event of a catastrophic leak in the system. The production area, including the CO<sub>2</sub> extraction area and post-extraction work area will have ventilation, monitors, and alarms to detect and respond to ambient CO<sub>2</sub> concentrations that exceed the OSHA Time-Weighted Average Permissible Exposure Limit (TWA-PEL) of 5,000 parts per million (ppm). This metric is defined as the highest level a person may be exposed to CO<sub>2</sub> within an eight-hour time frame without incurring adverse health effects. In addition, the American Conference of Governmental Industrial Hygienists (ACGIH) has a Threshold Limit Value (TLV) of 5,000 ppm for a 10-minute period based upon acute inhalation. The ventilation system will activate with CO<sub>2</sub> exceeds this limit to rapidly evacuate CO<sub>2</sub> from the area. CO<sub>2</sub> has a higher density than air and in the event of a leak, it will accumulate near the floor. Therefore, vents will be located within 12 inches of the floor to efficiently remove CO<sub>2</sub> from the production area.

### *Chemical Safety*

Hazardous chemicals, including solvents or sanitizing agents, will be properly handled and stored in a designated area within the Limited Access Area, maximizing Marijuana Establishment Agent safety and minimizing any risk to public health or the environment. Hazardous flammable chemical solvents, mainly ethanol and isopropyl alcohol, will be stored in an appropriately labeled flammable safety cabinet with required warnings, NFPA 704 signage, and restrictions on entry. In addition, hazardous chemical waste will be stored within a designated hazard waste Satellite Accumulation Area (SAA). For more information regarding hazardous waste, see the *Waste Disposal Plan*. Hazardous chemicals stored within the facility will be clearly labeled with the chemical identity, hazard warnings, and manufacturer information. Hazardous chemicals will be stored in appropriate containers that will not react adversely with the stored chemicals. Pursuant to 935 CMR 500.105(3)(b)(10), any toxic items will be identified, held, and stored in a manner that protects against contamination or adulteration of cannabis products.

Eye-wash stations will be located throughout the Limited Access Areas. The eye-wash stations will be mounted on the walls in the processing rooms in the event a Marijuana Establishment Agent's eyes become exposed to any solvents, cannabis oil, or sanitizing agents while on duty. The mounted eye-wash stations do not require water and do not require drains as they produce only small volumes of saline solution that would not enter the septic system. Lastly, eye-wash stations will be located strategically near the CO<sub>2</sub> extraction equipment and on the opposite side of the production area near the wash area for easy access to Marijuana Establishment Agents working in the production area.

### *Safety Data Sheets (SDS)*

Safety data sheets (SDS) will be easily accessible and centrally located within the facility for Marijuana Establishment Agents to quickly reference and respond to occupational hazards in accordance with the OSHA *Hazard Communication Standard* (HCS; 29 CFR 1910.1200). SDSs for every hazardous chemical or sanitizing agent will be requested from the manufacturer, obtained, and retained on site in digital and hard-copy. OSHA *HCS* training will address how to read and understand SDSs for a specific chemical product, such as the chemical and physical properties; adverse health effects or hazards, such as acute and chronic health effects; routes of potential exposure; precautions for safe handling and use; proper storage conditions; and emergency and first-aid procedures. SDS documents will be required to use the Guide to Globally Harmonized System of Classification and Labeling of Chemical (GHS) to be compliant with OSHA standards. SDS documents will be updated regularly and when new chemicals or solvents are introduced or removed from manufacturing operations. SDSs for each chemical will be kept in a binder stored near the SAA and in a central location within the production area.

### Facility Sanitation and Maintenance

Coil Brothers will design the facility to ensure that it is organized, maintained, and routinely sanitized on a regular basis, including the proper maintenance and storage of cannabis waste, materials, solvents, and sanitizing agents; waste segregation and disposal; scheduled maintenance and cleaning; and adequate ventilation controls, water supply, and plumbing. Adequate and routine maintenance will promote a safe workplace, prevent the contamination of cannabis or cannabis products, and reduce any impact on the environment. Facility maintenance and sanitation measures

will include all outdoor areas and indoor floors, walls, and ceilings in the facility. SOPs will be developed and will outline required PPE, equipment and supplies, hazards and controls, and step-by-step instructions for sanitation and maintenance procedures.

The exterior and interior of the facility will be designed to meet and exceed requirements of the American Disabilities Act and applicable local accessibility regulations. All corridors and doorways will be kept free of obstructions or hazards. In compliance with 935 CMR 500.105(3)(b)(4), the production area will have ample space for equipment, materials, and supplies to maintain safe and sanitary operations.

In compliance with 935 CMR 500.105(3)(b)(8), the building, fixtures, and physical facilities must be maintained in a sanitary condition. Therefore, routine inspections and safety audits will be performed on a monthly basis for the exterior and interior areas of the facility premises. Inspections will confirm that equipment is in proper working order, areas are free from infestation and contamination, and will be reorganized to promote efficient process flow. Areas will be required to be free from infestations by insects, rodents, vermin, and other pests and inspections will look for holes, cracks, or other openings where infestations may occur. Inspection and audit results will be documents; any deviation from standard protocol or identification of hazards or contamination will be documented, investigated, and remediated.

#### *Exterior Design and Maintenance*

For the exterior of the facility, the walkways, parking spaces, landscaping, windows and doors will be securely maintained and cleaned regularly, depending on the season, weather-related events, or other reasons that require routine maintenance. Exterior components of the facility will be free of excessive dirt, standing water, or other sources of potential contamination. The roads, parking area, and roof will have proper drainage channels. The exterior will be equipped with appropriate lighting and surveillance to ensure the security and safety of the Marijuana Establishment Agents. For more information on exterior lighting and surveillance, see the *Security Plan* section of the application.

#### *Interior Design and Maintenance*

Pursuant to 935 CMR 500.105(3)(b)(6), floors and walls will be constructed with a chemical-resistant coating in order to efficiently clean and keep in good repair. Ceilings will be enclosed

with washable ceiling tiles that are specifically engineered for food processing or laboratory clean rooms. Floors and walls will be cleaned daily and spills will be immediately cleaned and dried.

Interior areas of the manufacturing facility, including the manufacturing, storage areas, or other areas where equipment or utensils are cleaned, will be have adequate safety emergency lighting and signs (*935 CMR 500.105(3)(b)(7)*). Interior lighting will include LED bulbs to conserve energy and provide adequate light to the entire production area. In addition, adequate ventilation throughout the facility will minimize odors, fumes, and vapors and HVAC equipment and air filters will be regularly inspected, cleaned, and replaced to ensure that the air is free of mold and other contaminants.

In compliance with *935 CMR 500.105(3)(a)*, Coil Brothers will operate at all times in a safe and sanitary manner. Only cannabis plant material that is well cured and free from seeds, stems, dirt, sand, debris, and other foreign matter will be accepted into the cannabis plant inventory at Coil Brothers. To maintain a sanitary and sterile environment, cannabis plant material will not be allowed into the facility that is contaminated by mold, rot, fungus, or other microorganisms.

To prevent cross-contamination within the facility, areas related to extraction, manufacturing, post-refinement, and product formulation will be separate from the Plant Material Storage and Plant Waste Storage rooms. In compliance with *935 CMR 500.105(11)(d)*, storage areas will be free of infestation by insects, rodents, birds, and pests of any kind. Storage areas will be routinely inspected for pests or where susceptibilities for infestation could occur, such as the appearance of holes, cracks, or openings in the area. Maintenance will be performed to correct any susceptibility to pest infestation.

Cannabis plant waste will be maintained, properly stored, and regularly removed from the premises to prevent the growth of microorganisms that would constitute a source of contamination. Pursuant to *935 CMR 500.105(3)(b)(5)*, litter and waste be stored within closed waste receptacles in each room of the facility. The litter and waste will be removed and disposed at the end of each day to minimize the development of odor, to minimize the potential for waste attracting and harboring pests, and to prevent the growth of microorganisms. In compliance with *935 CMR 500.105(3)(a)(5)*, packaging of cannabis will occur under 24-hour video surveillance in the secure Limited Access Area of the facility premises.

Pursuant to *935 CMR 500.105(3)(a)(4)*, all manufacturing steps that involve cannabis plant material, cannabis extract oil, or cannabis products will be handled on food-safe, stainless-steel

benches and tables that are certified by the National Sanitation Foundation (NSF). Benches, tables, countertops, equipment, floors, walls, and other surfaces will be routinely cleaned accordingly to established sanitation schedules and will be accurately documented.

According to *935 CMR 500.105(3)(b)(9)*, all surfaces, utensils, and equipment will be maintained and kept in a sanitary condition. Coil Brothers will implement a wash area in the facility with a 3-basin sink to effectively clean utensils and glassware used in manufacturing. Utensils, glassware, and equipment will be cleaned at the end of each working day to be ready for the next day of operations. Sanitizing agents will be registered with the U.S. Environmental Protection Agency (EPA) and will be septic friendly to abide by the requirements set forth by the local Nashoba Valley Board of Health. In addition, sanitizing agents will be nontoxic and approved for food safety. SDS documents will be acquired and stored on-site and sanitizing agents will be used according to manufacturer recommendations and labeled instructions. Sanitizing agents will be stored in a separate area away from cannabis handling and storage areas.

In adherence to *935 CMR 500.130(3)*, Coil Brothers will satisfy the minimum energy efficiency requirements and equipment standard established by the Commission and will meet all local environmental laws, regulations, and standards, including applicable approvals related to water quality and solid waste disposal. Coil Brothers will implement best management practices in consultation with working groups determined by the Commission to reduce energy usage, engage in energy conservation and mitigate other environmental impacts. Coil Brothers will satisfy the initial requirement set forth by the Commission and update best practices as new requirements become available by Commission or the local municipality. Coil Brothers is committed to operating in an environmentally-sustainable manner and will do anything necessary to uphold these standards and reduce environmental impact.

### *Water Sources and Plumbing*

Coil Brothers facility will have water supply from the public municipal water system in the Town of Harvard. This water source is capable of providing safe, potable, and sufficient volumes of water required for manufacturing operations and for the needs of the Marijuana Establishment Agents working on-site, per *935 CMR 500.105(3)(b)(11)*. Plumbing will be of adequate size, designed, and installed to maintain sufficient quantities of water to the lavatories, 3-basin sink and wash area, and the hand-wash sinks throughout the facility. In adherence to *935 CMR*

500.105(3)(12), there will be entirely separate lines for incoming water supply from the municipal water source and for the sewage and liquid disposal to the septic system. There will be no cross-connection between the potable water source and the wastewater lines to prevent the contamination. For estimates on the water usage at the facility, see the *Septic Usage Plan* that was submitted to the Nashoba Valley Department of Health in July 2018.

In accordance with 935 CMR 500.105(3)(b)(13), Coil Brothers will provide Marijuana Establishment Agents with adequate and readily accessible toilet facilities that are maintained in a sanitary condition and kept in good repair. The lavatories are strategically located outside of the Limited Access Area, with access from the Reception and Waiting Area. The physical separation of the lavatory from the Limited Access Area will prevent potential contamination of PPE, cannabis and cannabis products, and equipment and supplies. The lavatory is for use by Marijuana Establishment Agents and authorized Visitors only and is restricted to the general public. The lavatories will be cleaned, maintained, and resupplied daily. Access to both restrooms are compliant with the standards set forth by the Americans with Disabilities Act (ADA) Accessibility Guidelines.

#### *Hand-wash Sinks*

Coil Brothers will install hand-wash sinks throughout the facility to promote frequent hand-washing and prevent contamination of cannabis throughout manufacturing operations. In compliance with 935 CMR 500.105(3)(b)(3), the hand-wash sinks will provide sufficient volumes of water at a suitable temperature. There will be an easily accessible hand-wash station within the production area and in the lavatory facilities outside of the Limited Access Area. The hand-wash sinks will have easy-to-understand instructions with images for how to effectively sterilize and wash hands. Each hand-wash sink will be supplied with septic-friendly and EPA certified soaps to minimize impacts on the local septic system. In addition, each hand-wash sink will be equipped with either disposable towels or a hand-drying device providing heated air. Marijuana Establishment Agents that do not adhere to hand-washing protocols will be reprimanded, retrained, or terminated.

#### *Storage Requirements*

Storage areas where cannabis plant material or products are located will be maintained, cleaned, and kept in an orderly condition to comply with *935 CMR.500.105(11)(c)*. Storage areas will have scheduled maintenance and cleaning on a weekly or monthly basis. Scheduled cleaning will be documented with the name of the Marijuana Establishment Agent who performed the cleaning and the date and time of cleaning. This is to ensure that any suspected diversion of storage areas can be monitored and investigated. In adherence to *935 CMR 500.105(11)(d)*, the storage areas are required to be free from insects, rodents, birds, or other pests. Therefore, weekly inspections will be required to look for potential holes, cracks, or other evidence of pest intrusion.

Coil Brothers has designed secure storage areas for the storage of incoming cannabis plant material, finished cannabis products, and cannabis plant waste. These areas are segregated from the production area to maintain security and prevent cross-contamination. In compliance with *935 CMR 500.105(3)(b)(14)*, cannabis and cannabis products will be stored in a manner that prevents the growth of microorganisms or allows for adulteration of cannabis products. Cannabis plant material will be stored in individual containers with lids to seal each cultivation batch received from licensed Marijuana Cultivators. This room can be cooled to a lower temperature to effectively preserve and prevent the degradation of the active constituents of the plant material. For the finished cannabis products, the vaporization cartridges and concentrates will be individually packaged and securely stored in the Security/Product Storage room. The extract oil and cannabinoids are stable at room temperature; however, Coil Brothers will have refrigerators installed for long-term storage of cannabis products or extract oil within this area.

All containers for storage and packaging materials will be approved for food storage, be free of contamination, and will not impart any toxic substance to the usable cannabis product. These materials components will be designed to protect the cannabis products from any physical, chemical, or microbial contamination as well as the deterioration of the finished products or the containers, pursuant to *935 CMR 500.105(3)(b)(15)*.

To prevent cross-contamination, there will also be separate storage areas within the Plant Waste Storage Area to hold cannabis plant material or products that is outdated, contaminated, damaged, deteriorated, mislabeled, or whose containers or packaging have been opened or breached (*935 CMR 500.105(11)(b)*). This Quarantine Area will hold products that are awaiting preparation and disposal. Disposal of these products will be documented and will be made available to the Commission upon request.

## Equipment and Materials

Coil Brothers Marijuana Establishment Agents will be thoroughly trained on the handling, maintenance, and cleaning of equipment utilized for manufacturing operations. In addition, solvents and ingredients sourced from manufacturers will be required to be pharmaceutical or food-grade to ensure the highest purity and quality. In performing equipment sanitization, maintenance, and calibration protocols and for the use of solvents, additives, ingredients, and ingredients, Marijuana Establishment Agents will be required to follow all SOPs and wear appropriate PPE at all times.

### *Equipment Sanitization, Maintenance, and Calibration*

Equipment will be sanitized, maintained, and calibrated according to manufacturer recommendations and pursuant to applicable federal, Commonwealth, and local requirements. The main goal is to prevent equipment malfunctions that would interrupt operations or create a hazard to Marijuana Establishment Agents and to control any sources of contamination that would alter the safety, identity, strength, quality, or purity of cannabis products. Scales and other equipment that requires calibration as a part of routine maintenance, will be inspected and calibrated to ensure accuracy. Routine maintenance, sanitation, and calibration will be documented in logs and made available to the Commission upon request.

Equipment manuals will be kept in the vicinity of each system for Marijuana Establishment Agents to easily reference. Equipment will be kept in proper working order and serviced regularly based upon manufacturer recommendations by Marijuana Establishment Agents or by certified third-party professionals. All equipment must include safety features, such as protective guards, emergency shut-off features, and conspicuous hazard warnings.

Sanitization and maintenance protocols will be provided in the company SOPs for each step in the manufacturing operations and for each equipment unit installed at the facility. SOPs will outline the steps to maintain proper equipment performance, accurate calibration, and verification of automatic, mechanical, or electrical equipment. SOPs for sanitization, maintenance, and calibration of equipment will be made available to the Commission, upon request.

Coil Brothers will have schedules set for sanitization, maintenance, and calibration of equipment and activities will be documented in logs as they occur. Written documentation will

include the Marijuana Establishment Agent's name who performed the task, the date and time, and any notes regarding any maintenance issues or equipment errors. Routine inspections will be performed randomly by the Compliance Advisor to verify schedules are being followed and equipment is in proper working order. Routine inspections will document the visible cleanliness of equipment, documented calibration tests, and review of scheduled cleaning and maintenance logs. In addition, the inspection will also look into the visible cleanliness and storage of all utensils and ancillary equipment.

### *Scale Calibration and Maintenance*

Coil Brothers will perform daily calibration of any equipment associated with the measurement of ingredients, cannabis, or solvents, mainly including scales, balances, and pipets. SOPs will be developed for both daily and weekly calibration and will be recorded in calibration logs with the Marijuana Establishment Agent name, date and time of calibration, and the calibration volumes and weights used. Calibration records will be kept on-site and in digital format and will be made available to the Commission upon request.

In addition, Coil Brothers may decide to have third-party calibration companies perform routine maintenance and calibration of scales, balances, and pipets. Third-party calibration may be performed at least once per year. Calibration reports will be required from the third-party calibration company with the recorded name of the certifying company, the equipment ID, the calibration date, the results of the test, and any other relevant details. Third-party calibration reports will be stored and kept on file.

Calibration of scales and balances will use National Institute of Standards and Technology (NIST)-traceable reference weights. Calibration will occur under video surveillance in which cameras are positioned to ensure clear visibility of recorded numerical values displayed by the scales and balances. Marijuana Establishment Agents are responsible for understanding the importance of accurate weights and measurements as cannabis oil is weighed and formulated into products and as it is packaged into containers. Marijuana Establishment Agents will be trained on proper scale use, which includes accurately leveling the scale prior to use, keeping scales in a stationary position, how to tare weights prior to weighing, limiting disruption of the scale plate during weighing, and cleaning the scale plate after use.

### *Solvent Sourcing*

Coil Brothers will be using CO<sub>2</sub> extraction as the main method to manufacture cannabis products. CO<sub>2</sub> is a widely used and proven technique for collecting a clean and comprehensive cannabis extract. CO<sub>2</sub> is a non-flammable, nontoxic, and environmentally-friendly solvent. It is Generally Recognized As Safe (GRAS) by the FDA Select Committee on GRAS Substances (SCOGS). 95% of the CO<sub>2</sub> is recycled in the IES closed-loop extraction system. For more information on CO<sub>2</sub> extraction, see the *Proposed Methods* section.

CO<sub>2</sub> will be sourced from a certified gas supply company, either Airgas or Praxair, accompanied with a CoA to verify the purity of each tank delivered to the facility. The CO<sub>2</sub> will be in the liquid phase at 99% purity, which can be food-grade or pharmaceutical-grade. The CO<sub>2</sub> tanks are pressurized to ~700 psi to maintain CO<sub>2</sub> in the liquid state and the tanks will come in 200-cubic-foot cylinders with a siphon tube for withdrawal. The IES extraction system comes equipped with a storage tank for liquid CO<sub>2</sub> and is refilled as necessary from the CO<sub>2</sub> cylinders. Cylinders will be inspected on a regular basis to ensure no leakage is occurring and that minimum psi ratings are maintained.

Coil Brothers will implement ethanol into manufacturing operations in the event that winterization will be required to remove lipids and waxes that are co-extracted during CO<sub>2</sub> extraction. The ethanol will be 190-200 proof (95-100%), undenatured, and USP-grade for winterization techniques. Undenatured ethanol does not contain any adulterants and will be preferably sourced from organic grain. Ethanol containers will be properly labeled and stored in flammable safety cabinets. The cabinets and containers will be inspected weekly and documented in a log.

SDS documents will be available for any solvents being utilized at the facility for manufacturing operations and CoA documents will be required for each batch or lot of solvent delivered to the facility to verify the purity and contents.

### *Ingredient Sourcing*

Non-cannabis ingredients and additives are required to formulate various cannabis products to increase consistency, texture, effectiveness, cohesiveness, aroma, flavor, and medical properties. Manufacturers of ingredients, excipients, and additives will be required to abide by cGMP and ISO 9000/9001 manufacturing standards. In addition, ingredients and additives will be responsibly

sourced according to FDA C.F.R. Title 21 FD&C and preferably acquired from USDA organic-certified manufacturers. Coil Brothers will not use any ingredients or excipients that will alter the color, appearance, smell, taste, effect, or weight of the cannabis used in the formulation of a cannabis product. The Director of Extraction and COO will be responsible for verifying and approving any ingredients, excipients, or additives used in manufacturing. For more information on ingredient sourcing, see the *Description of Product* section.

Non-cannabis ingredients will be properly stored according to the designated shelf-life and manufacturer recommendations. Ingredients, excipients, and additives will be nontoxic and safe for human consumption and procurement from a private residence will be strictly prohibited. Coil Brothers will request a CoA, specific to the batch or lot purchased, to confirm identity, purity, and lot-to-lot consistency. Upon arrival to the facility, each shipment will be inspected for physical damage or leakage and quantities will be verified. Any shipments that do not meet the requirements of Coil Brothers procurement standards, will be shipped back to the supplier for a full refund. If contamination of cannabis products is suspected to come from the ingredients, Coil Brothers will submit samples for testing to confirm the source of contamination.

### Independent Testing

To ensure product safety, efficacy, and consistency, Coil Brothers will submit each Production Batch to an Independent Testing Laboratory (ITL) licensed by the Commission in the Commonwealth of Massachusetts. Coil Brothers will perform the necessary due diligence to make sure the ITL is in full compliance with *935 CMR 500.029(1-11)* and is in good standing the Commission. The ITL is required to be accredited for ISO 17025 (ISO/IES 17025:2017) by a third-party accrediting body that is signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement or by an organization approved by the Commission, in accordance to *935 CMR 500.050(7)(a)(1)*. Coil Brothers has already been in communication with two companies that are compliant with the requirements:

1. ProVerde Laboratories (Milford, MA)
2. CDX Analytics (Salem, MA)

In adherence to *935 CMR 500.105(8)(f)* and *935 CMR 500.160(9)*, Coil Brothers will not sell or distribute any cannabis products marketed for adult use that is not capable of being tested by an ITL licensed by the Commonwealth of Massachusetts. The testing will be compliant with the

*Protocol for Sampling and Analysis of Finished Marijuana Products and Marijuana-Infused Products*, published by the DPH. Coil Brothers will test each Production Batch of cannabis product for the following:

- Cannabinoid Content/Potency
  - THCA-A, CBD-A,  $\Delta^9$ -THC, and CBD
- Microbial Contamination
  - Total Aerobic Microbial Count (TAMC), Total Yeast Mold Count (TYMC), *P. aeruginosa*, *Aspergillus spp.*, and *S. aureus*
- Mycotoxins (*M.G.L. c. 94C, § 34*)
  - Aflatoxin B1, Aflatoxin B2, Aflatoxin G1, Aflatoxin G2, and Ochratoxin A
- Heavy Metals
  - Arsenic, Cadmium, Mercury, and Lead
- Pesticide and Fungicide Residue
- Residual Solvents (mainly ethanol)
- Terpene Content

Preliminary testing may be performed immediately following extraction and prior to the creation of finished cannabis products. Preliminary testing is beneficial to verify the cannabinoid content in order to accurately calculate the amount of oil to add to infused products and create a consistent cannabinoid profile for each Production Batch. It is also beneficial to test at this stage in manufacturing to ensure that ingredients and packaging materials are not wasted on adulterated or inconsistent extraction batches. Preliminary testing may be performed with internal laboratory equipment or by the licensed ITL.

#### *Internal Laboratory Analysis*

Coil Brothers may perform internal laboratory analysis throughout stages of manufacturing using the Orange Photonics Lightlab Cannabis Analyzer unit. This unit is a basic liquid chromatography system that can test for the major cannabinoids and differentiate between the acidic and neutral forms. With an added component, the Lightlab Cannabis Analyzer can also test for terpene content. This system is robust, user friendly, compact, and highly reputable for determining accurate cannabinoid potency. It has the capability of accurately testing the concentrations of  $\Delta^9$ -THC, THCA-A, CBD, CBD-A, CBN, CBG-A, CBC, and various terpenes.

### *Independent Laboratory Testing*

Samples of finished cannabis products will be tested by a licensed ITL prior to sale or distribution to a licensed Marijuana Retailer. The samples will be verified for cannabinoid content/potency and terpene content, residual solvents, heavy metals, pesticide and fungicide residue, microbial growth, and mycotoxins. No cannabis products can be released or distributed without required testing and receipt of the CoA confirming safety, consistency, and content. In compliance with *935 CMR 500.160(3)*, Coil Brothers will maintain the results and CoA of all testing for no less than one year. These documents will be stored on-site and in digital format. Testing samples from each Production Batch will be retained and stored for future testing, if necessary.

### *Sample Preparation*

Coil Brothers will submit samples for testing in a manner that is approved by the Commission. In compliance with *935 CMR 500.160(6)*, samples destined for testing by an ITL will strictly abide by requirements set forth in *935 CMR 500.105(13)*. Samples will be submitted for each Production Batch of cannabis product to ensure quality, consistency, and accurate labeling. Marijuana Establishment Agents will be trained and required to follow strict SOPs regarding the sample collection, calibration of scales, proper storage, and transportation of testing samples.

Samples will be chosen at random from bulk mixtures of Production Batches prior to packaging into vaporization cartridges or packaging containers. Finished cannabis product will be visually inspected for uniformity prior to collection of the sample. Samples will be collected using sterilized utensils, including spoons, spatulas, transfer pipets, tongs, etc. Marijuana Establishment Agents will be required to wear appropriate PPE during the collection of samples, including nitrile gloves. Samples will be weighed on routinely calibrated scales and collected in appropriate containers that will not react adversely or alter the content.

### *Packaging and Labeling of Samples*

Marijuana Establishment Agents will be responsible for collecting, packaging, and labeling random test samples of adequate volumes/weights from each Production Batch of cannabis products. Each sample will be appropriately labeled with the Production Batch number, the date

of collection and submission to the ITL, the volume or weight of the sample, and the associated transportation manifest. Each sample will be documented and recorded in a log and the estimated turn-around time for the results. Samples ready for transport to the ITL will be recorded and submitted for testing in METRC.

*Analytical Techniques*

Coil Brothers will verify that licensed ITLs are abiding by best practices for analytical testing methods adopted by the American Herbal Pharmacopeia (AHP) monograph and applicable FDA standards. The AHP monograph includes validated methods for the sample preparation and analytical testing methods that are compliant with federal standards. These analytical methods are validated by peer-reviewed literature and are proven to be accurate and reliable. However, Coil Brothers will also make sure that the ITL is updated on new techniques and methods that are shown to be more effective and accurate as the analytical testing of cannabis products evolves. Coil Brothers is familiar with the most current technology used to perform analytical testing of cannabis samples and is summarized in Table 1 below.

Table 1: Analytical Testing Methods

<b>Testing Result</b>	<b>Methodology and Equipment</b>
<b>Cannabinoid Potency</b>	High Performance Liquid Chromatography (HPLC) coupled with Ultraviolet (UV) or Mass Spectrometry (MS) Detection
<b>Residual Solvents</b>	Gas Chromatography (GC) coupled with Flame Ionization Detection (FID)
<b>Microbial Contamination</b>	Measuring Colony Forming Units (CFU) or Real-Time Polymerase Chain Reaction (qRT-PCR)
<b>Mycotoxin</b>	Liquid Chromatography coupled with Mass Spectrometry (LCMS)
<b>Pesticides and Fungicides</b>	<u>Volatile</u> : Gas Chromatography coupled with Mass Spectrometry (GCMS)

	<u>Nonvolatile</u> : Liquid Chromatography coupled with Mass Spectrometry (LCMS)
<b>Heavy Metals</b>	Inductively-Coupled Plasma Mass Spectrometry (ICP-MS)
<b>Terpenes</b>	Gas Chromatography coupled with Mass Spectrometry (GCMS)

*Certificate of Analysis*

Coil Brothers will require that the ITL submit a Certificate of Analysis (CoA) for each Production Batch of cannabis product that is tested to confirm the identity, content, purity, consistency, and safety according compliance thresholds and company manufacturing standards. The CoA must include the Production Batch identification number, the content of active constituents, and verification that it passes all contamination testing. In addition, the CoA must include the name and address of the ITL that performed the testing, the product type, storage conditions, the number of samples tested, and the date and time of sampling and testing. Pursuant to 935 CMR 500.105(5)(c)(12), once the Production Batch passes testing, a statement and a seal will be added to the label that indicates that the product has been tested for contaminants, there were no adverse findings, and the date of testing in accordance with M.G.L. c. 94G, § 15. The CoA will be stored in hard-copy and in digital format and will be made available to the Commission, upon request.

*Process Validation*

Coil Brothers will collect, store, and evaluate data from Production Batches throughout each stage of manufacturing and testing results. Process validation will align with industry best practices, including the identification of Hazard Analysis Critical Control Points (HACCP) and will carefully analyze information in the Chain of Custody documents and CoAs. Coil Brothers will take a scientific perspective on analyzing parameters used in manufacturing and laboratory results to improve the identity, safety, consistency, and quality of cannabis products. The relevant data collected will look at the starting cannabis plant material, extraction techniques and parameters, post-refinement techniques and parameters, product ingredients and formulations,

packaging and storage materials, and storage conditions. The data will be reviewed by the Director of Extraction and the Extraction and Formulations Specialist.

#### *Release of Cannabis Products for Sale*

Upon review of the CoA and verification of product safety, Coil Brothers will prepare the Production Batch for sale or distribution to a licensed Marijuana Retailer. Results from the ITL testing will be printed on the product labels, with the cannabinoid content, Production Batch identification number, date/time of packaging, and labeling requirements described in the *Proposed Label* section. Production Batches will be labeled in storage with a Red, Yellow, or Green label depending on the testing status. Once the Production Batch passes testing, it will be labeled with a Green card, which shows Marijuana Establishments Agents that the batch has passed testing and is ready for distribution.

#### Recall Procedures

Coil Brothers will implement written policies and procedures to effectively respond to laboratory results, mandatory recalls from the Commission, or voluntary recalls, that would indicate that the cannabis products are unsafe for consumer use, contaminated, expired, deteriorated, or mislabeled. In accordance to *935 CMR 500.106(2)*, written policies and procedures will include notifying the Commission within 72 hours of any laboratory testing results that indicate that the contamination cannot be remediated and Coil Brothers will be disposing of the Production Batch. Both Coil Brothers and the licensed ITL will be responsible for notifying the Commission separately and directly. Coil Brothers will have written protocols in place that will describe the plan of action to segregate failed product from other cannabis and cannabis products in the facility and subsequently destroy the contaminated product. Lastly, Coil Brothers will review all documentation and process validation data to investigate the source of contamination.

If voluntary or mandatory recalls are submitted by the Commission or Coil Brothers, similar policies and procedures will be required to respond to recalls. Actions will include immediate communication with the Commission and any Marijuana Retailers in which product was distributed in compliance with *935 CMR 500.130(5)(b)*. The aim is to quickly remove any defective or contaminated cannabis products from the market to promote public health and safety. The COO and the Director of Extraction are responsible for carrying out the necessary actions to

elicit a product recall. Recall plans must be carried out carefully and in full compliance with federal, Commonwealth, and local regulations and includes:

- Identifying the cannabis products included in the recall;
- Notification to Marijuana Retailers who have purchased cannabis products;
- Retrieving cannabis products from Marijuana Retailers;
- Processing refunds or replacement of cannabis products;
- Physical segregation of recalled products that have suspected contamination;
- Destruction of cannabis products will approval from the Commission;
- Tracking and documentation of all actions taken; and
- Management of all communication between licensed Marijuana Retailers, the Commission, and any other local authorities that are required to be contacted.

### *Assessing Complaints*

Coil Brothers will offer a complaint number provided on the website for consumers to call in and make complaints if they experience any adverse effects. Any complaints received that would impact public safety will be immediately addressed and will prompt an investigation into the suspected Production Batches that have the potential to be affected. Each complaint will be responded to within 24-48 hours and Coil Brothers will request more information from the consumer to aid in the investigation of the complaint. Coil Brothers will immediately investigate the suspected Production Batches, and if necessary, will send a sample to the ITL to determine that the product meets all safety and testing requirements. Coil Brothers will then review all documents and data to see if there were any deviations from the manufacturing protocols. If the cannabis product does not meet the requirements set forth by the Commission, the product will be voluntarily recalled. In compliance with *935 CMR 500.300(2)*, Coil Brothers will immediately, upon request, make available to the Commission all information that may be relevant to a Commission inspection or an investigation of any incident or complaint.

### *Identification and Communication*

When a recall is initiated, Coil Brothers will first notify the Commission within 24 hours, by phone and by email to ensure that the notification is received and to have a record of the notification. Coil Brothers will begin an investigation into the affected Production Batches,

including a search for any Retail Establishments that may have received the product within the last year. Coil Brothers will then begin to look into any other Production Batches that may have been affected during manufacturing operations by analyzing other batches that were simultaneously stored, handled, or packaged in the same manufacturing time frame. Lastly, Coil Brothers will analyze the starting cannabis plant material CoAs and investigate whether the recall would apply to any licensed Cultivators that supplied cannabis to the Coil Brothers facility.

Coil Brothers will initiate a report of the investigation including all communication, suspected Production Batches, dates/times, and any relevant data and documents. Any affected cannabis products that exist within the facility at the time of the recall will be immediately quarantined until the investigation is complete. A list of licensed Retailers that carry recalled cannabis product will be generated and each licensed Retailer will be immediately notified by phone and by email. Any pending transports of recalled products will be cancelled and licensed Retailers will be offered options for refund or product replacement. In addition, highly detailed instructions will be relayed to Retailers on how recalled cannabis product can be transported back to the Coil Brothers facility for investigation and proper disposal, in accordance with guidelines and standards set forth by the Commission. In the event that a licensed Retailer cannot be reached by phone or email, the Commission will be notified immediately. All records of communication will be documented.

#### *Tracking and Consumer Notification*

METRC will have the capability of tracking any Production Batches that were sold or distributed to Marijuana Retailers and any Cultivation Batches that were received from licensed Cultivators. Coil Brothers will share any necessary information with affected Establishments to quickly identify, respond, and collect any cannabis products that need to be returned to the facility for destruction and disposal. Transport manifests will be generated and organized for all affected Retailers to efficiently return product and pickup dates will be scheduled. When contaminated product arrives back to the facility, it will be immediately recorded in METRC and properly stored.

Coil Brothers will prepare and distribute a Recall Letter to licensed Retailers to help inform consumers of the recalled product, including Production Batch information and the date range in question. The Recall Letter will explain the steps a consumer can take to return the cannabis product to a licensed Retailer. As cannabis product is continually returned by consumers, Coil Brothers will be in constant communication with the licensed Retailer to schedule transfers of

returned product back to the facility for destruction and disposal. Coil Brothers will issue refunds to the licensed Retailer for all cannabis products returned from consumers.

### *Product Quarantine and Disposal*

All recalled Production Batches will be immediately segregated into a secure Quarantine Area at the facility and labeled with a clearly visible “RECALLED” label affixed to the containers. The label will also include the Production Batch number, quantity of cannabis product stored, reason for the recall, and the name and registration number of the Marijuana Establishment Agent that placed the product in the Quarantine Area. The Quarantine Area will be located in the separate Plant Waste Storage and Disposal room to prepare the product for destruction and disposal and to prevent cross-contamination with other cannabis and cannabis products located at the facility.

Recalled cannabis product will not be destroyed or disposed until provided with authorization from the Commission. This allows the Commission to investigate the recall, if required, or submit any recalled product for additional testing. Upon approval for destruction, Coil Brothers will follow detailed SOPs for the proper destruction and disposal of recalled or contaminated cannabis product. For more information on waste management procedures, see the *Waste Management Plan*.

### *Records and Review*

All complaints, communication with the Commission and licensed Establishments, testing results, data analysis, and waste disposal logs will be documented and stored. All information will be stored in hard-copy and digital format to demonstrate Coil Brothers efforts to communicate and effectively respond to a product recall. Following a recall, Coil Brothers will review the response measures to determine areas of improvement, such as effective communication tactics, ability to retrieve recalled product from licensed Retailers, and the investigation into the recall itself. Coil Brothers will also contact the Commission and any affected Establishments to receive feedback to identify possible areas of improvement to the Recall Plan.

## Inspections and Risk Assessment

### *Inspections*

Upon receipt of a Marijuana Product Manufacturer license, Coil Brothers will allow for the assessment and inspection of the facility premises. In compliance with *935 CMR 500.300(1)*, the Commission is welcome to inspect the facility premises and affiliated vehicles at any time without prior notice to determine compliance with St. 2016, c. 334, as amended by St. 2017, c. 55 and 935 CMR 500.000. All areas of the facility premises, documentation and records, Marijuana Establishment Agents, and manufacturing protocols and equipment are subject to inspection. Coil Brothers will train Marijuana Establishment Agents on how to escort personnel from the Commission or other authorized entities to ensure that all reasonable efforts to facilitate an inspection are met, including the investigation of any incident or complaint, taking samples, photographs, video, or other recordings by the Commission or its agents, and to facilitate interviews with Marijuana Establishments Agents, pursuant to *935 CMR 500.300(3)*. Coil Brothers understands that the Commission may warrant an inspection at any time and may be required prior to the issuance of a license or renewal of registration, may be random and unannounced, and whenever the Commission deems is necessary for the enforcement of St. 2016, c. 334, as amended by St. 2017, c. 55 and 935 CMR 500.000 (*935 CMR 500.300(4)*).

In addition, Coil Brothers will authorize inspections from third-party companies that will perform the necessary audits to comply with best practices, including cGMP and ISO 9000/9001. Coil Brothers will also be required to effectively carry out any scheduled or random inspections carried out by OSHA. Local inspections may be required by the Fire Department and other Law Enforcement Authorities and will be carried out according to inspection protocols. Any other inspections required by federal, Commonwealth, or local authorities will be verified and documented.

Inspection protocols will include:

- Accurate Visitor management and check-in procedures;
- Ensuring appropriate PPE for all inspectors in the Limited Access Area;
- Accompanying inspectors at all times in the facility;
- Allowing photographs or video footage to applicable authorities and the Commission;
- Answering questions and allowing interviews with Marijuana Establishment Agents;
- and
- Accurate notes and documentation of all inspections.

In compliance with 935 CMR 500.300(5), a Marijuana Establishment Agent may be required by the Commission to collect a sample to be tested for contaminants during an inspection. Marijuana Establishment Agents will be trained on how to collect, package, and accurately label the sample for the Commission. The sample will be documented and recorded in METRC. The Commission will be permitted to take a sample for testing that includes, but is not limited to, mold, mildew, heavy metals, plant-growth regulators, and the presence of pesticides not approved for use on cannabis according to the Massachusetts Department of Agricultural Resources.

### *Risk Assessment*

Coil Brothers will perform routine risk assessments to ensure Marijuana Establishment Agent safety and hygiene, QA/QC procedures, routine facility and equipment sanitation and maintenance, and compliant manufacturing, storage, and disposal of cannabis products. Risk assessments will evaluate potential hazards posed by manufacturing operations at the facility and include the HACCP standards.

Coil Brothers will hold regular team meetings with Marijuana Establishment Agents to address any potential safety or health concerns on a monthly or quarterly basis, as needed. It is the main goal of Coil Brothers to provide a safe working environment for all Marijuana Establishment Agents and to manufacture safe products for consumers. Meetings will include the following

- Causes of recent incidents, injuries, or product recalls and how to prevent them in the future;
- Any health or safety issues that require higher levels of reinforcement;
- Assessment of the facility premises, including corridors, workspaces, storage areas, and entries and exits;
- Proposed changes to SOPs or policies to promote safety, quality control, and environmental sustainability; and
- Any other concerns, observations, or suggestions by Marijuana Establishment Agents.

Marijuana Establishment Agents from all aspects of manufacturing and executive management will be required to participate in risk assessment discussions. Assessment notes will be documented and stored in hard-copy and digital format. Notes will be sent to the Compliance Advisor for review and to implement changes, as necessary.

## **COIL BROTHERS – RECORDKEEPING PROCEDURES SUMMARY**

### **Introduction**

Coil Brothers understands the importance of accurate recordkeeping as part of manufacturing operations and business in general and appreciates the special attention necessary for cannabis businesses. To this end, Coil Brothers will employ physical recordkeeping systems at the proposed Marijuana Product Manufacturer facility and mirror physical records within digital recordkeeping systems as well. Coil Brothers will maintain all records related to their facility in accordance with generally accepted accounting principles. *935 CMR 500.105*. Coil Brothers' Chief Financial Officer ("CFO"), Chief Operations Officer ("COO"), Chief Compliance Officer ("CCO"), and Director of Extractions will be responsible for the management of the facility's records including data entry, auditing, reporting, and procedural revisions. Coil Brothers will maintain business records on the facility's secure business management platforms ("BMPs") as well as inventory records in Metrc (the end-to-end tracking and tracing software mandated in Massachusetts). Utilizing BMPs provides Coil Brothers the ability to have an integrated interface for its business records and collected data, ensuring role-based controlled access to business records and all relevant historical information that will help guide business decisions. Coil Brothers designed all recordkeeping and inventory control systems and associated standard operating procedures ("SOPs") based upon cannabis industry best practices and for compliance within the Commonwealth of Massachusetts. Coil Brothers will amend all recordkeeping practices in order to maintain compliance with regulatory changes and in alignment with updates to best practices as well. Summaries of Coil Brothers' recordkeeping procedures are included below, encompassing: recordkeeping generally; standard operating procedures; inventory and seed-to-sale records; personnel records; business records; and finally, other operations records.

## **Recordkeeping Generally**

Coil Brothers will maintain all company records on internally linked, secure BMPs. The COO will setup and monitor BMPs on desktop computers located throughout the proposed facility. Coil Brothers will use standard word processing software, spreadsheet software, and cloud-based digital document storage system as their BMPs for editing and storing all business records of the proposed Marijuana Product Manufacturer facility. BMPs will maintain company records including:

- Standard operating procedures (“SOPs”) as required by 935 CMR 500.105(1);
- Inventory records as required by 935 CMR 500.105(8);
- Seed-to-sale tracking records for all cannabis products as required by 935 CMR 500.105(8)(e);
- Waste disposal records as required under 935 CMR 500.105(12). Specifically, a record of the date, the type and quantity disposed or handled, the manner of disposal or other handling, the location of disposal or other handling, and the names of the two Marijuana Establishment Agents present during the disposal or other handling, with their signatures;
- The following personnel records:
  - Job descriptions for each employee and volunteer position, as well as organizational charts consistent with the job descriptions;
  - A personnel record for each Marijuana Establishment Agent. Coil Brothers will maintain these records for at least 12 months after termination of the individual’s affiliation with the Marijuana Establishment and will include:

- All materials submitted to the Commission pursuant to 935 CMR 500.030(2) for each individual's registration as a Marijuana Establishment Agent;
  - Documentation of verification of references;
  - The job description and/or employment contract that includes duties, authority, responsibilities, qualifications, and supervision;
  - Documentation of all required training, including training regarding privacy and confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received the training and the topics discussed, including the names and titles of the presenters;
  - Documentation of periodic performance evaluations;
  - A record of any disciplinary action taken; and,
  - Notice of completed responsible vendor and eight-hour related annual duty training required of all Marijuana Establishment Agents. 935 CMR 500.105(2)(a);
- A staffing plan that will demonstrate Coil Brothers' hours of operation and procedures to ensure safe operating conditions are maintained at all times within the proposed facility;
- Personnel policies and procedures; and,
- All background check reports. 935 CMR 500.030;
- Business records, including manual or computerized records of:
  - Assets and liabilities;

- Monetary transactions;
- Books of accounts, which will include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
- Sales records including the quantity, form, and cost of cannabis products; and,
- Salary and wages paid to each employee, stipend paid to each board member, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with a Marijuana Establishment, including members of the nonprofit corporation, if any. *935 CMR 500.105(9)*.

In addition, Coil Brothers will also use BMPs to maintain the following additional records:

- Security records, per 935 CMR 500.110(5);
- Transportation manifests, per 935 CMR 500.105(13)(f)(5);
- Plans of correction generated per 935 CMR 500.320; and,
- Manufacturing batch records.

The BMPs present on each individual desktop will vary depending upon its location within the proposed facility and its primary user. Coil Brothers will restrict recordkeeping activities to management-level staff and above. Additionally, Coil Brothers' SOPs will incorporate documentation input review for all physical-to-digital record input. For example, once the COO saves a digital scan of a completed transport manifest into a BMP, they will request that a separate employee verify that all of the scanned document is legible with no information cut-off, is named according to established file naming convention, and is stored within the correct BMP

folder for later access. SOPs will also outline the proper storage and filing of all original documents once they have been entered into BMPs.

The CFO will maintain detailed reports of all proceeds and expenses for Coil Brothers' facility, including all inventory, sales, and financial records, in accordance with generally accepted accounting principles. Coil Brothers will maintain all reports for seven years and will allow the Commission, or an audit firm contracted by the Commission, access to all books and records at all times. *M.G.L. c. 94G, § 12(d)*.

Coil Brothers understands that the Commission may audit the accounts, programs, activities, and functions of the proposed facility as often as the Commission determines necessary. *M.G.L. c. 94G, § 18*. To conduct the audit, authorized officers and employees of the Commission will have access to such accounts at all times and the Commission may require the production of books, documents, vouchers and other records relating to any matter within the scope of the audit, except tax returns. *M.G.L. c. 94G, § 18*. Coil Brothers may also release their tax returns to the Commission should they be requested as part of an ongoing investigation. In any audit report of the accounts, funds, programs, activities and functions of a licensee issued by the Commission containing adverse or critical audit results, the Commission may require a response, in writing, to the audit results. Coil Brothers will forward their response to the Commission within 15 days of notification by the Commission. *M.G.L. c. 94G, § 18*. Coil Brothers will maintain records of all responses sent to the Commission as result of an audit in BMPs as described above.

### **Standard Operating Procedures (“SOPs”)**

Coil Brothers will develop SOPs for all operations within the proposed facility, including recordkeeping, which will encompass the process of updating company SOPs as well. Coil

Brothers will always maintain a complete physical copy of all SOPs within their facility for staff to follow during operations. These SOPs will include:

- Security measures in compliance with 935 CMR 500.110;
- Employee security policies, including personal safety and crime prevention techniques;
- Procedures describing Coil Brothers' hours of operation; after-hours contact information provided to the Commission and law enforcement officials and updated pursuant to 935 CMR 500.000;
- Procedures for the storage of cannabis in compliance with 935 CMR 500.105(11);
- Procedures for manufacturing different forms of cannabis extracts, as applicable, and the form(s) in which cannabis will be sold;
- Procedures to ensure accurate recordkeeping, including inventory protocols in compliance with 935 CMR 500.105(8) and (9);
- Procedures to ensure quality control product testing requirements for contaminants, in compliance with 935 CMR 500.160;
- Hiring procedures and procedures for the maintenance of staffing records in compliance with 935 CMR 500.105(9);
- Emergency procedures, including a disaster plan with procedures to be followed in case of fire or other emergencies;
- Procedures to ensure Coil Brothers' alcohol, smoke, and drug-free workplace policies are maintained by staff at all times;
- Procedures describing how confidential information will be maintained;

- Procedures for the immediate dismissal of any Marijuana Establishment Agent who has:
  - Diverted cannabis, which shall be reported to law enforcement officials and to the Commission;
  - Engaged in unsafe practices with regard to operation of the Marijuana Establishment, which shall be reported to the Commission; or,
  - Been convicted or entered a guilty plea, plea of *nolo contendere*, or admission to sufficient facts of a felony drug offense involving distribution to a minor in the Commonwealth, or a like violation of the laws of another state, the United States or a foreign jurisdiction, or a military, territorial, or Native American tribal authority;
- Procedures for maintaining a complete list of all board members and executives of the manufacturer, and members, if any, of the licensee as well as procedures for making this information available upon request by any individual, including updating this information on the Marijuana Establishment's website in order to comply with this regulation;
- Policies and procedures for the handling of cash at the proposed facility including but not limited to storage, collection frequency, and transport to financial institution(s);
- Policies and procedures to prevent the diversion of cannabis to individuals younger than 21 years old;
- Policies and procedures for energy efficiency and conservation that include:

- Identification of potential energy use reduction opportunities (including but not limited to natural lighting, heat recovery ventilation and energy efficiency measures), and a plan for implementation of such opportunities;
- Consideration of opportunities for renewable energy generation, including, where applicable, submission of building plans showing where energy generators could be placed on the site, and an explanation of why the identified opportunities were not pursued, if applicable;
- Strategies to reduce electric demand (such as lighting schedules, active load management and energy storage); and,
- Engagement with energy efficiency programs offered pursuant to M.G.L. c. 25, § 21, or through municipal lighting plants. *935 CMR 500.105(1)*.

The CCO will update physical copies of SOPs present at the facility with revised SOPs as they are generated. Coil Brothers will use cloud storage to maintain digital copies of all historic SOP versions with a separate folder containing a digital version of the current complete SOPs as well. Coil Brothers will convert all activities described in this application into SOPs upon receiving a license. For example, all recordkeeping activities described in this section will be documented as part of Coil Brothers' SOPs, which in turn will be included in a larger body of SOPs for the activities of which they are a part.

### **Inventory and Seed-to-Sale Records**

Coil Brothers' inventory control procedures, seed-to-sale system use procedures, and all records associated with such procedures, were developed specifically for compliance within the

Commonwealth of Massachusetts, and 935 CMR 500.105(8)(e) in particular. An overview of these procedures, with a focus on recordkeeping, is presented below. Coil Brothers will use Metrc and BMPs to monitor all cannabis inventory within the proposed facility. Coil Brothers will use a barcoding inventory control system to track batch, strain, and amounts of usable cannabis in inventory and to track amounts of usable cannabis sold and transferred to other licensed businesses within the Commonwealth. The COO and CCO will conduct inventory audits once a month and comprehensive inventory audits every calendar year. 935 CMR 500.105(8)(c)(2) & 500.105(8)(c)(3). During all inventory audits, the COO and CCO will verify physical inventory amounts against those in Metrc and BMPs for all cannabis contained within the proposed facility. Documentation for all inventory audits conducted at Coil Brothers' proposed facility will include:

- The date of the inventory;
- A summary of inventory findings; and,
- The names, signatures, and titles of the individuals who conducted the inventory. 935 CMR 500.105(8)(d).

The COO will initiate an investigation upon discovering any discrepancy between physical and digital totals. Coil Brothers will establish “acceptable losses” for bulk cannabis flower and concentrate inventories which the COO will reference throughout auditing activities. “Acceptable losses” for bulk cannabis inventory includes weight loss due to drying for bulk flower packages and containment transfer losses for bulk extract packages due to residual extract present on containers or equipment used for packaging. For example, in the process of transferring bulk cannabis extract from a larger container into the vaporizer cartridge filling

machine some extract will remain in the filling machine that is unable to be placed into a cartridge, and as such, a 510g batch of bulk extract may only render 500g in filled cartridges. Coil Brothers will seek to minimize all forms of acceptable losses in cannabis product and the COO will make note of them in both Metrc and BMPs as part of inventory audits. If the discrepancy is not the result of acceptable losses and remains unresolved as a result of immediate investigation, the COO will notify the Commission and appropriate law enforcement authorities immediately. To determine the root cause of the discrepancy and avoid similar instances in the future, the COO will also relay all documentation and security camera footage relating to the discrepancy to the Commission and appropriate law enforcement authorities. The resolution of a discrepancy may also result in a plan of correction, in which case Coil Brothers will pursue the steps described above to ensure that such a discrepancy does not occur again. For more information on Coil Brothers' inventory procedures please see the *Inventory Procedures Summary* included as part of this application.

### **Personnel Records**

Coil Brothers will use a standard human resources document management software or secure third-party service as their BMP for storage of all personnel records, tracking hours worked, and processing benefits and payroll for all employees of the proposed facility. This system will maintain all records relating to:

- Job descriptions for each employee and volunteer position, as well as organizational charts consistent with the job descriptions;

- A personnel record for each Marijuana Establishment Agent. Coil Brothers will maintain these records for at least 12 months after termination of the individual's affiliation with the Marijuana Establishment and will include:
  - All materials submitted to the Commission pursuant to 935 CMR 500.030(2) for each individual's registration as a Marijuana Establishment Agent;
  - Documentation of verification of references;
  - The job description or employment contract that includes duties, authority, responsibilities, qualifications, and supervision;
  - Documentation of all required training, including training regarding privacy and confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received the training and the topics discussed, including the names and titles of the presenters;
  - Documentation of periodic performance evaluations;
  - A record of any disciplinary action taken; and,
  - Notice of completed responsible vendor and eight-hour related duty training;
- A staffing plan that will demonstrate Coil Brothers' hours of operation and procedures to ensure safe manufacturing conditions are maintained at all times within the proposed facility;
- Personnel policies and procedures; and,
- All background check reports obtained in accordance with 935 CMR 500.030(3). 935 CMR 500.105(9)(d).

Coil Brothers will maintain personnel records for at least 12 months following termination of an individual's affiliation with the Marijuana Product Manufacturer. *935 CMR 500.105(9)(d)(2)*. Coil Brothers will maintain personnel records longer if necessary regarding a pending criminal, civil, administrative investigation, or other legal proceeding for which these records may contain relevant information, or if otherwise instructed by an authority. Should Coil Brothers be awarded a Marijuana Establishment registry certificate, they will have all Marijuana Establishment Agents associated with their facility submit and receive registry identification cards from the Commission prior to beginning work at the facility. *935 CMR 500.030(1)*. All of Coil Brothers' staff will hold valid registry identification cards and Coil Brothers will maintain copies of each employee's card as part of their personnel records as well. Coil Brothers will enter all employee registration card expiration dates into the BMP, which will then automatically notify the CCO and employee in question sixty days before expiration in order to prevent a lapse in validity. Registry identification cards expire one year after issuance or upon the termination of the company's registration certificate, whichever occurs first. *935 CMR 500.030(6)*. To prevent interruption of possession of a valid registry identification card, Coil Brothers will ensure that all Marijuana Establishment Agents in their employ renew their registry identification cards by submitting a complete renewal application no less than 45 calendar days before the expiration date of the existing registry identification card.

Coil Brothers will notify the Commission as soon as possible, but in any event, within five calendar days if any Marijuana Establishment Agent in their employ has a change of name or address or if they have knowledge of a change of any information that they were previously required to submit to the Commission or after discovery that a registration card has been lost or stolen. *935 CMR 500.030(6)*. Coil Brothers will notify the Commission no more than one

business day after an agent of their company ceases to be associated with the company, immediately voiding their registration. *935 CMR 500.105(4)*.

Coil Brothers will organize physical copies of all personnel records listed above in locked filing cabinets with alphabetized folders for each individual employee. The HR Director will maintain these records and enter each physical form into the BMP prior to filing. Coil Brothers will keep these records in the main office area alongside the other business records described below. Coil Brothers will update all personnel recordkeeping practices in order to maintain compliance within the Commonwealth of Massachusetts.

### **Business Records**

Coil Brothers will use standard word processing software, spreadsheet software, accounting software, and cloud-based digital document storage system (e.g., Microsoft Word, Microsoft Excel, Quickbooks, and Dropbox) as their BMPs for editing and storing all business records of the proposed facility. These systems will maintain the majority of the facility's records, including but not limited to:

- Assets and liabilities;
- Monetary transactions;
- Books of accounts, which will include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
- Sales records including the quantity, form, and cost of cannabis products; and,
- Salary and wages paid to each employee, stipend paid to each board member, and any executive compensation, bonus, benefit, or item of value paid to any individual

affiliated with a Marijuana Establishment, including members of the nonprofit corporation, if any. *935 CMR 500.105(9)(e)*.

For all business records, staff will follow established SOPs to scan physical records onto a desktop computer, store scanned files on the cloud, store physical records in organized files, and enter relevant information into spreadsheets for financial modeling and accounting activities. Like all other records, Coil Brothers will maintain all business records according to generally accepted accounting principles. *935 CMR 500.105*. For sales records, Coil Brothers will attach scanners for use with accounting records to the desktop computer located in the main office area. Management-level staff will upload scanned files to Coil Brothers' cloud-based digital document storage BMP (e.g., Dropbox or equivalent) as instructed in SOPs. The facility's main office area will also house the filing cabinets used to store physical records. The physical filing system used will mirror the organization of the digital storage system (e.g., purchase invoices stored together, bills stored together, all organized with the most recent in front and descending chronologically). In this way, Coil Brothers will maintain a record of all their business relationships to accurately track and keep record of all business records associated with their facility. The CFO will review all accounting records and the financial model for accuracy. For more information on financial recordkeeping please see the *Plan for Maintaining Financial Records Summary* included as part of this application.

### **Other Operations Records**

For other operations records, staff will also follow established SOPs to scan physical records onto a desktop computer, store scanned files on the cloud, store physical records in organized

files, and enter relevant information into spreadsheets for process oversight, incident response tracking, and all other operations. Other operations records Coil Brothers will keep include but are not limited to: security records; transport manifests; plans of correction; and, manufacturing batch records. Summaries of recordkeeping associated with these activities are included below. Coil Brothers will attach a scanner for use with operations records to the desktop computer in the main office area. Staff will upload scanned files to Coil Brothers' cloud-based digital document storage system (e.g., Dropbox or equivalent) as instructed in SOPs. Staff will store physical copies of relevant documentation in locking filing cabinets in the main office area alongside the personnel records mentioned previously. In this way, Coil Brothers will maintain a record of all internal operations that take place within the proposed facility. Coil Brothers' COO will review all other operations records for accuracy and create and execute a plan of correction for any detected errors.

### *Security Records*

Coil Brothers will also maintain all security records generated by security systems at their Marijuana Product Manufacturer facility. Such records include Limited Access Area usage records, security camera footage, and alarm system records. For Limited Access Area usage, Coil Brothers will maintain documentation of access to Limited Access Areas of all outside vendors, contractors, and visitors, providing them with a visitor identification badge prior to entering a Limited Access Area, and will ensure that they are escorted at all times by a Marijuana Establishment Agent authorized to enter that Limited Access Area. 935 CMR 500.110(4)(e). Coil Brothers will maintain a record of all visits to their facility including the following information:

- The date of entry;

- Time of entry;
- Time of exit;
- Name of visitor;
- Name of accompanying Marijuana Establishment Agent;
- Reason for access; and,
- Any other information required by the Commission.

Such information will constitute Coil Brothers' "Visitor Log." Once a page within the Visitor's Log becomes filled, the COO will scan and upload that page to the cloud before filing the physical copy in the manner described above for other physical records. Coil Brothers will maintain this log indefinitely and make it available to the Commission at all times. *935 CMR 500.110(4)(e)*.

For security camera footage, Coil Brothers will use surveillance systems that: capture clear and certain information of any person entering or exiting the facility; have the ability to produce a clear, color, still photo either live or from a recording; have an embedded date-and-time stamp on all recordings that is synchronized and does not obscure the picture; and, continue to operate during a power outage. *935 CMR 500.110(5)(a)(6) & 500.110(5)(a)(8)*. Coil Brothers' security camera video recordings will also: export images in an industry standard format; be archived in a proprietary format that ensures authentication and guarantees the recorded image has not been altered; be saved in an industry standard file format that can be played on a standard computer operating system; and, be erased or destroyed upon completion of their required retention period of 90 calendar days. *935 CMR 500.110(5)(a)(9)*. Coil Brothers will maintain all security system equipment and recordings in a Limited Access Area to prevent theft, loss, destruction, corruption, and alterations. *935 CMR 500.110(5)(b)*. Coil Brothers will ensure that 24-hour

recordings from all video cameras are: available for viewing by the Commission through a secure internet connection; maintained free of alteration or corruption; and, retained longer if their company is given notice of a pending criminal, civil, or administrative investigation, or other legal proceeding for which the recording may contain relevant information. *935 CMR 500.110(5)(a)(5)*.

Coil Brothers will install a perimeter alarm system to all building entry and exit points and perimeter windows. *935 CMR 500.110(5)(a)(1)*. They will also install duress/holdup/panic alarms inconspicuously throughout the facility that are connected to local public safety or law enforcement authorities. *935 CMR 500.110(5)(a)(2)*. Coil Brothers will maintain records of alarm system activation time, deactivation time, and trigger time to include the PIN used to activate/deactivate as well as the location of the trigger. The alarm system will log this information automatically and store it as part of a secure database linked to the security system vendor.

Coil Brothers will maintain all security equipment in good working order and will have all equipment inspected and tested by the COO, not to exceed 30 calendar days from the previous inspection. *935 CMR 500.110(5)(e)*. Coil Brothers will maintain records of all such inspections and tests indefinitely, including but not limited to: the person performing the inspection and testing; the date and time of the inspection and testing; the results of the inspection and testing; and, any maintenance or replacements necessary resulting from the inspection and testing. Should the monthly alarm test indicate a malfunctioning or broken piece of equipment, Coil Brothers will immediately engage a qualified vendor to repair or replace the piece in question and notify the Commission. Coil Brothers will, at their own expense, contract a Commission-approved vendor to perform a security system audit on an annual basis. *935 CMR 500.110(8)*. .

Coil Brothers' COO will submit a report of each audit to the Commission no later than 30 calendar days after the audit is conducted. *935 CMR 500.110(8)*. If the audit identifies concerns related to their security systems, Coil Brothers will also submit a plan to mitigate those concerns within ten business days of submitting the audit. *935 CMR 500.110(8)*. Coil Brothers will maintain physical and digital records of: all security tests and audits; plans to mitigate concerns identified as part of tests/audits; and, all communications from the Commission and security vendors received as part of tests/audits. For more information regarding Coil Brothers security systems, please reference the *Security Procedures Summary* included as part of this application.

#### *Transport Manifests*

Coil Brothers will track all transportation of cannabis to and from their facility and other licensed Marijuana Establishments using Metrc and the transport manifests generated therein. Coil Brothers will maintain all manifests for at least one year and will make them available to the Commission upon request. *935 CMR 500.105(13)(f)(5)*. Upon completing their inspection of a cannabis delivery, the COO will scan the signed manifest into the cloud for digital storage and file the physical copy in company records alongside other manifests of its type. Coil Brothers will store all physical transport manifests in folders separated by Marijuana Entity with digital scans organized identically to physical copies. For more information regarding transportation, please reference the *Transportation Summary* submitted as part of this application. For more information regarding inventory management, please reference the *Inventory Procedures Summary* section submitted as part of this application.

#### *Plans of Correction*

As part of operations, Coil Brothers will submit to inspections by the Commission and respond to any issues that arise by generating an executing a plan of correction for each. Coil Brothers will submit to any and all inspections of the proposed facility by agents of the Commission. *935 CMR 500.300(1)*. As part of the inspection, Coil Brothers will, upon request, immediately make available to the Commission all information that may be relevant to the inspection, or an investigation of any incident or complaint. *935 CMR 500.300(2)*. Coil Brothers and their agents will make all reasonable efforts to facilitate the Commission's inspection of investigation of any incident or complaint, including the taking of samples, photographs, video, or other recordings by the Commission or its agents, and to the facilitate the Commissions interviews of Marijuana Establishment Agents. *935 CMR 500.300(3)*. Coil Brothers will maintain records of all deficiency statements issued by the Commission regarding their facility. Coil Brothers will develop a plan of correction for any violations cited in a deficiency statement issued within ten business days after the receipt of the statement. *935 CMR 500.320(1)*. Coil Brothers' plans of correction will state, with respect to each deficiency, the specific corrective step(s) to be taken and the date by which compliance with 935 CMR 500.000 will be achieved. The timetable and compliance dates shall be consistent with achievement of compliance in the most expeditious manner possible. *935 CMR 500.320(2)*. Should the Commission reject that plan of correction upon reviewing the proposed plan, Coil Brothers will amend and resubmit the plan within five business days after receipt of such notice. *935 CMR 500.320(4)*. The COO will open a unique file for each plan of correction where they will note all actions taken to remediate the incident, staff/contractors involved, SOPs updated in response, and all other supporting documentation. Staff will store applicable documents in duplicate with one copy in the usual location and the other in the incident file (i.e., if the incident involves contracting an outside

vendor to perform work Coil Brothers will store the invoice for that work per accounting documentation SOPs and in the incident report as well).

### *Manufacturing Batch Records*

Coil Brothers will also maintain manufacturing batch records for all cannabis product batches manufactured by their facility. Coil Brothers staff will complete physical records of manufacturing operations using standardized printed forms, documenting equipment readings throughout the process, with each entry signed for by one staff member and verified by another. Once a particular operation is complete, Coil Brothers staff will enter relevant information into manufacturing BMPs, scan and upload a copy of the physical form to the cloud, and store the physical form in the company's physical filing cabinets. Manufacturing information entered into BMPs will help Coil Brothers' fine-tune their manufacturing operations as they strive to further refine their products. This information will also help Coil Brothers anticipate extraction yields and monitor against diversion, as described further in the *Inventory Procedures Summary* submitted as part of this application. In this way, Coil Brothers will maintain manufacturing batch records for all products produced by their facility. Like all records, Coil Brothers will make manufacturing batch records information available to the Commission upon request.

### **Conclusion**

Coil Brothers is committed to good recordkeeping practices in order to meet and exceed the requirements of the Commonwealth of Massachusetts as well as to uphold the highest standards for Marijuana Product Manufacturer operations. Coil Brothers will employ good recordkeeping practices throughout their facility and all operations performed therein. Coil Brothers will ensure

records are maintained using thorough SOPs as well as regular audits of all digital and physical documentation. Coil Brothers will update all documentation methods and associated SOPs with all regulatory changes or process changes within the facility so that there is never a lapse in the quality of their records or question as to their proper storage. Finally, Coil Brothers will maintain all company records for at least two years following the closure of their facility, at their own expense in a form and location acceptable to the Commission. *935 CMR 500.105(9)(g)*. These practices will ensure the success of the proposed facility as one of Massachusetts's first licensed adult-use Marijuana Product Manufacturers and provide the Commission with the utmost confidence in the quality of usable cannabis manufactured at the proposed facility.

## PLAN FOR MAINTAINING FINANCIAL RECORDS SUMMARY

### Introduction

Coil Brothers' Chief Financial Officer ("CFO") will maintain all company books and financial or other records or statements in a manner that the Cannabis Control Commission ("Commission") deems proper. *M.G.L. c. 94G, § 4(a)(xxi)*. To that end, Coil Brothers' CFO will maintain company financial records, including all records required of Marijuana Establishments in any section of 935 CMR 500.000 governing their operations, in accordance with generally accepted accounting principles. *935 CMR 500.105(9)*. Coil Brothers' founders have a long history of compliant business operations in the Commonwealth of Massachusetts, including in law, medicine, and finance, and will maintain this exemplary record of compliance throughout operations of the proposed Marijuana Product Manufacturer facility. Coil Brothers will do so using various business management platforms ("BMPs") with the specific process for doing so with each type of record described, in detail, in company standard operating procedures ("SOPs"). Coil Brothers will maintain physical and digital financial records of:

- Assets and liabilities;
- Monetary transactions;
- Books of accounts, which include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
- Sales records including the quantity, form, and cost of marijuana products; and,
- Salary and wages paid to each employee, stipend paid to each board member, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with Coil Brothers, including members of the non-profit corporation, if any.

*935 CMR 500.105(9)(e)*.

### **Record Maintenance Methodology**

The CFO will use QuickBooks or equivalent software as the BMP for managing financial records associated with the Marijuana Product Manufacturer facility. Additionally, Coil Brothers' staff will organize financial records, and digital scans of those records, in a manner prescribed by company standard operating procedures ("SOPs") such that all copies are easily retrievable. Coil Brothers will train all staff tasked with performing recordkeeping tasks for financial records, such as the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, and Chief Compliance Officer, to do so in a way that ensures all such records are never lost or mishandled. By developing site-specific SOPs for the handling of records, training staff on those SOPs, and consistently evaluating staff on their ability to follow SOPs, Coil Brothers will ensure that its staff handle records in a consistent and compliant manner. Coil Brothers will maintain orderly, consistent, and up-to-date records in both physical and digital format as part of its general good business practices and so that such materials are easily produced as part of investigations from the Commission.

### **Audits**

Coil Brothers understands that the Commission will audit the accounts, programs, activities, and functions of their business as often as the Commission deems necessary. *M.G.L. c. 94G, § 18*. In order to conduct such audits, Coil Brothers will provide employees of the Commission with access to such accounts at reasonable times and produce books, documents, vouchers, and other records related to any matter within the scope of the audit, except tax returns. *M.G.L. c. 94G, § 18*. Coil Brothers may also release their tax returns to the Commission should they be

requested as part of an ongoing investigation. Coil Brothers also understands that the superior court shall have jurisdiction to enforce the production of records that the Commission requires to be produced under this section and the court shall order the production of all such records within the scope of any such audit. *M.G.L. c. 94G, § 18.*

Coil Brothers anticipates that the Commission will conduct all audits in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants. *M.G.L. c. 94G, § 18.* Should the Commission include adverse or critical results in any audit report of the accounts, funds, programs, activities and functions of Coil Brothers' Marijuana Product Manufacturer facility, Coil Brothers will produce a response, in writing, to the audit results within 15 days of notification by the Commission. *M.G.L. c. 94G, § 18.* Comm Ave Canna will maintain records of all such responses in both digital and physical format in the same manner as described above for its financial records. In this way, the Applicant will maintain a record their business and all of their business relationships to accurately track and keep record of the products they purchase and sell.

For more information on Coil Brothers' recordkeeping procedures please see the *Recordkeeping Procedures Summary* provided as part of this application.

## **RESTRICTING ACCESS TO AGE 21 AND OVER**

### **Coil Brothers**

#### Introduction

Coil Brothers will implement strict policies and procedures to ensure that no person under the age of twenty-one (21) is permitted to enter the Marijuana Product Manufacturer facility at any time. Coil Brothers' recruiting and hiring materials will explicitly state this requirement and Marijuana Establishment Agents will undergo extensive training to ensure only authorized Marijuana Establishment Agents and Visitors over the age of 21 who present valid identification are permitted access to the facility. In addition, signs will be posted on the exterior of the facility to visually inform the public that no one under the age of 21 is permitted in the building. In any instance in which a person under 21 years of age enters the building, the Commission will be immediately notified, and an incident report will be filed. The Chief Compliance Officer (COO) will investigate how a person under 21 was able to enter the premises and will conduct the necessary corrective measures to ensure it does not happen again.

#### *Marijuana Establishment Agent Recruiting and Hiring*

Per 935 CMR 500.030(1)(a), all Marijuana Establishment Agents affiliated with Coil Brothers must be 21 years of age or older. In order to be considered for employment at Coil Brothers, candidates must present valid proof that they are 21 years of age or older prior to being offered a position with the company. This requirement will be prominently displayed on all job descriptions, job postings, and applications for employment. Should Coil Brothers advertise opportunities for employment, it will be done so via outlets in which at least 85 percent of the audience is reasonably expected to be 21 years of age or older, per 935 CMR 500.105(4)(b)(2). Additional information regarding Coil Brothers' personnel policies are explained in greater detail in the *Personnel Policies* section of this application.

#### *Marijuana Establishment Agent Training*

Marijuana Establishment Agents will undergo training, so they understand the correct and standard process for checking the identification of Visitors who are attempting to enter the facility premises; they will be trained on how to calmly restrict access to any person under the age of 21. Marijuana Establishment Agents will be trained on the procedures for checking in Visitors to the

facility, including for tours or for vendors shipping consumables and supplies. Marijuana Establishment Agents will be required to verify the identification of other Marijuana Establishment Agents who are transporting cannabis from other facilities. Marijuana Establishment Agents will be trained on how to analyze state identification cards and to identify falsified identification cards when they are presented. Marijuana Establishment Agents will be properly trained on the procedures for calmly restricting access to any person who is, or is believed to be, under the age of 21, and how to properly notify local law enforcement and management, including the Chief Compliance Officer, if such an incident occurs.

#### *Visitor Access*

All Visitors must present their government-approved identification (i.e., government-issued driver's license, identification card, or passport) each time they enter the facility premises and must enter through the main entrance. Visitors will be initially identified and verified by the Video Intercom System. Once inside the main reception area, all Visitors must sign into the Visitor Log, providing all required information prior to entry into the Limited Access Area. In addition, an image copy of the Visitor's identification will be retained. In compliance with 935 CMR 500.110(1)(a), all Visitors will be positively identified upon seeking access to the facility and must be twenty-one (21) years of age to enter.

#### *Facility Signage*

No one under the age of 21 will be allowed on the premises. Coil Brothers will post visible signage at all entry and exit points using an OSHA compliant statement of: "NOTICE: THIS AREA IS UNDER 24 HOUR VIDEO SURVEILLANCE. PERSONS UNDER 21 YEARS OF AGE NOT PERMITTED ON THESE PREMISES."

#### *Diversion Prevention*

As detailed in this application's *Diversion Prevention* section, Coil Brothers will take deliberate action to ensure cannabis and cannabis products are not diverted to individuals under the age of 21, per 935 CMR 500.105(1)(o).

### *Branding and Marketing*

Coil Brothers will ensure its brand does not appeal to those under the age of 21, per 935 CMR 500.105(4). All traffic to Coil Brothers' public-facing website will be stalled at an age gate web page before they are granted access to proceed to the full site. The visitor must verify that they are 21 years of age or older prior; if a visitor does not meet the age criteria, they will not be allowed to enter the site, per 935 CMR 500.105(4)(b)(13). Marketing will be limited to events and advertising channels in which at least 85 percent of the audience is reasonably expected to be 21 years of age and older.

### Summary

Coil Brothers is committed to operating as a compliant and responsible Marijuana Product Manufacturer. To uphold this commitment, Coil Brothers will strictly prohibit access to its facility, products, brand, and website to those who are under the age of 21. Coil Brothers will develop a comprehensive set of policies that address the restriction to individuals under the age of 21 and all Marijuana Establishment Agents will be thoroughly trained to uphold such policies.

## EMPLOYEE QUALIFICATIONS AND TRAINING

### Coil Brothers

#### Introduction

Coil Brothers is determined to compile a team of professionals that possesses the skills, experience, and motivation needed to succeed in the highly competitive and fast-paced cannabis industry. This section describes the specific characteristics and qualifications Coil Brothers is looking for in its Marijuana Establishment Agents, the unique qualifications of its current team, and the comprehensive training program Coil Brothers plans to implement upon licensure, in accordance with *935 CMR 500.101(1)(c)(8)*. By enacting the plans and tactics described herein, Coil Brothers will be well-equipped to achieve operational success, ensure compliance with all local and Commonwealth regulations, and create a company culture that is positive and enjoyable.

#### Employee Qualifications

Coil Brothers plans to invest considerable time toward the task of developing its workforce. Because the cannabis industry is relatively new, Coil Brothers anticipates the need to hire individuals who do not have direct experience working with cannabis but demonstrate transferable skills acquired in other industries. Managers who are responsible for recruiting and hiring will be trained to identify characteristics that may contribute toward a candidate's success at Coil Brothers, including, but not limited to:

- Experience working in heavily regulated industries such as healthcare, finance, insurance, government, law enforcement, and pharmaceuticals;
- Experience serving in the United States military;
- Experience working in science and/or laboratories;
- Experience working in food manufacturing or commercial manufacturing of products intended for human consumption;
- Experience working in an environment with 24-hour security;
- Experience managing inventory;
- Business experience, including experience creating and executing business plans and/or managing operations;
- Experience working in a regulated cannabis market;

- Displays an eagerness to work in the cannabis industry; and
- Displays an understanding of the importance of compliance.

Employees hired to fill a role involving the secure transport of cannabis must have an active Massachusetts driver's license, per 935 CMR 500.105(13)(g)(1) and all Marijuana Establishment Agents must be 21 years of age or older.

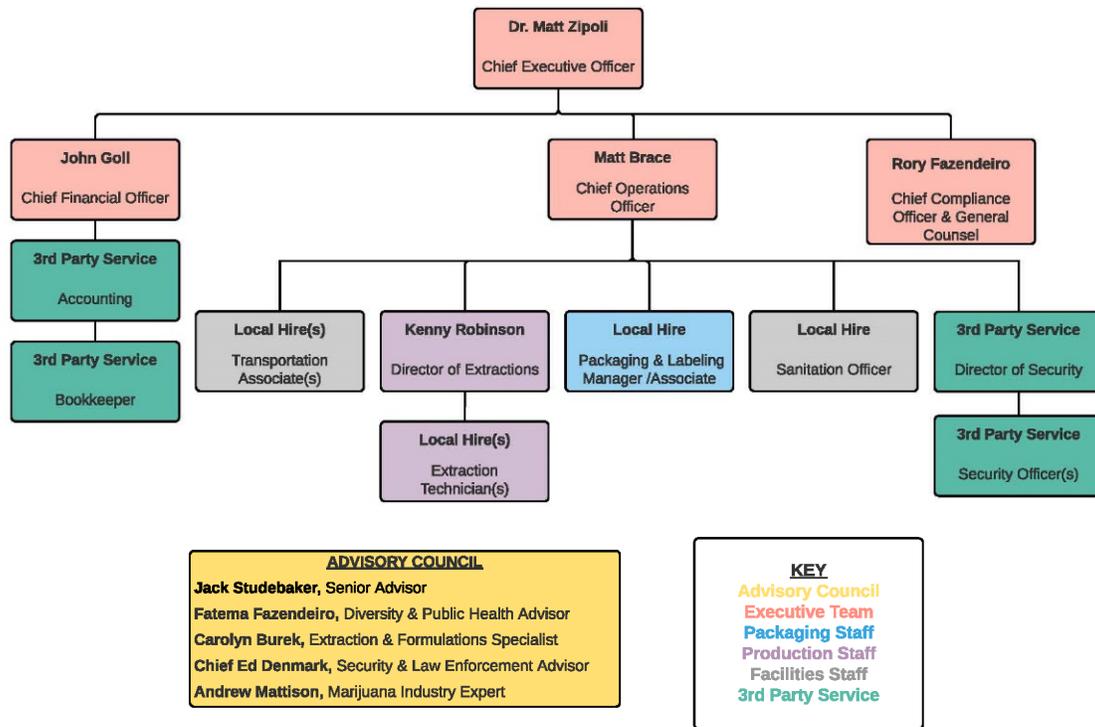
While Coil Brothers will always strive to hire the candidate most suited for an open position, emphasis will be placed on hiring candidates who self-report a diversity characteristic, including veterans, minorities, women, and people with disabilities, and candidates who self-report that they live in or are from areas of disproportionate impact, as defined by the Cannabis Control Commission ("Commission"). Plans to ensure Coil Brothers' recruiting and hiring efforts support company diversity and community impact goals are described in greater detail within this application's *Diversity Plan* and *Positive Impact Plan*, respectively.

When recruiting to fill manager positions, Coil Brothers will seek candidates who have demonstrated in a prior role their reliable ability to successfully oversee operations, adhere to laws and regulations with 100 percent compliance, achieve ambitious goals, and foster open dialogue with their colleagues. Coil Brothers will also seek to employ people who display a strong alignment with the company's core values including honesty, trust, respect, and commitment.

Coil Brothers plans to hire between five and 10 employees within its first year of operating. These roles range from entry level to senior leadership and come with benefits, competitive wages, and plenty of room to grow professionally and advance within the company.

### Organizational Chart

Below is Coil Brothers' most current organizational chart. At the time of application writing, several key roles have been filled, as described in further detail below. Roles that have not yet been filled but are considered critical to first-year operations are represented in the organizational chart without an accompanying employee name. Recruiting and hiring efforts will be focused on filling these open positions prior to or shortly after commencing operations.



Coil Brothers’ Team Biographies

At the time of application writing, Coil Brothers has compiled a team of highly skilled principals, executives, managers, and advisors. Everyone offers a unique perspective and skillset that will prove valuable throughout the various phases of opening a Marijuana Product Manufacturer facility. They all have a proven track record of succeeding in their professional careers and are considered upstanding members of their respective communities. Coil Brothers is confident that this initial team represents some of the best talent the industry has to offer.

*Matthew Zipoli, MD, Founder, Chief Executive Officer*

Matthew Zipoli, MD graduated from Tufts University and received his medical degree from Boston University School of Medicine. Following an internship in internal medicine at UMass Memorial Medical Center, Dr. Zipoli trained in the Department of Dermatology at the University of Minnesota where he served as the program’s Chief Resident. Following this residency, Dr. Zipoli was a fellow in Mohs micrographic surgery, surgical dermatology, cosmetic dermatology, and laser therapy at UC San Francisco. Dr. Zipoli became an Owner/Partner of Dermatology Associates of Concord, Inc. in 2006. He is excited to serve as the Chief Executive Officer of Coil Brothers.

*John Goll, Founder, Chief Financial Officer*

John Goll is the President of Goll Insurance Agency, Inc. which has been in operation since 1997. John has built his agency into one of the most prominent insurance companies in Boston and is excited to bring his expertise to Coil Brothers and the cannabis industry. He will serve as Chief Financial Officer.

*Matthew Brace, Founder, Chief Operations Officer*

Matthew Brace is an accomplished sales, marketing, and project manager with experience in relationship building, customer service, procurement, and new business development. Matthew spent years working as a salesman for both startups and large corporations and, over that time, developed his unique perspective on all aspects of sales, marketing, management, and business development. Matthew was working as a consultant in the stone industry when he was diagnosed with necrotising pancreatitis. During treatment, Matthew was in a coma for 21 days and spent months in the hospital and in rehabilitation. Miraculously, he survived this process and, when faced with the prospect of spending the rest of his life taking opioid painkillers, he decided to get his medical marijuana card in Massachusetts with the support of his pain management team. Thanks to medical marijuana, Matt is mostly pain-free and no longer takes any opioids. While Matthew has been an advocate for medical cannabis for many years, his personal experience is what makes him determined to support the industry and transition his considerable knowledge and experience by serving as Coil Brothers' Chief Operations Officer.

*Rory Fazendeiro, JD, Founder, Chief Compliance Officer and General Counsel*

Rory Fazendeiro is a versatile, business-oriented lawyer with a diverse practice focused on corporate and real estate transactional matters and litigation. He has significant experience working with clients in a number of different areas including commercial real estate, construction, technology, health care, financial services, and sports and entertainment. Rory is a shareholder at Adler, Pollock & Sheehan P.C., in Boston and is excited to bring his expertise to bear for Coil Brothers and the cannabis industry. He will serve as the company's Chief Compliance Officer and General Counsel.

*Kenneth Robinson, Director of Extractions*

Kenny Robinson is a small business owner with valuable experience leading projects and small teams. Kenny manages a painting business in Vermont where he oversees residential and commercial projects, produces contracts and proposals, and organizes teams generally consisting of up to five contractors. Kenny holds an EPA Certified Renovator Certificate and is well-versed in regulatory compliance regarding lead safe practices, building codes, and materials. In addition to his painting business, Kenny has worked in the ski industry for nearly three decades. He worked with Vermont Ski Safety where he taught for the Ski Mechanics Workshops, teaching ski technicians proper standards and practices. He conducted testing for DIN ISO certified proficiency, a certification required by all binding manufacturers and their insurance companies. He has written numerous standard operating procedures relating to ski tuning, equipment servicing, and shop operations. Kenny has been involved with the non-profit organization High Fives. He has a broad knowledge pertaining to cannabis cultivation and manufacturing and will serve as Director of Extractions at Coil Brothers.

*Carolyn Burek, Extraction & Formulations Specialist*

Carolyn Burek is the Owner and Operator of Metta Research & Design, LLC where she consults with cannabis businesses in designing safe and effective cannabis extraction facilities. She has a master's degree in Biochemistry and has previous experience in cellular and molecular biology, biofuel technology, and developmental biology. After more than four years of performing research in various fields of study, Carolyn was first introduced to the cannabis industry working for a marijuana infused production facility in Denver, Colorado. She played an integral role in the design of the facility, purchasing all required equipment, implementing all regulatory compliance standards, creating all standard operating procedures, directing and leading the extraction team, and continuing all research and development projects for the company. As part of this process, she learned to operate and perform supercritical CO<sub>2</sub> cannabis extractions as well as post-extraction refinement and distillation techniques.

Carolyn now applies this experience to her work at Metta Research & Design, LLC. To date, she has worked on license application, facility design, and product formulation projects in Arizona, Arkansas, California, Colorado, Massachusetts, Michigan, Nevada, Ohio, Pennsylvania, and

Texas. Carolyn is excited to apply her knowledge and expertise as Coil Brothers' Extraction & Formulations Specialist.

*Andrew Mattison, Marijuana Industry Expert*

Andrew Mattison grew up in Florida and graduated from the University of South Florida. After college Andrew injured himself while working as a residential general contractor. This accident resulted in two surgeries, physical therapy, stem cell therapy, and countless injections. Despite these treatments, nothing reduced his chronic pain. With friends already addicted to opioids, Andrew refused the painkillers prescribed to him by his treating physicians, and, like many others who have exhausted all other remedies, turned to cannabis to ease his pain. Nothing was able to completely take the pain away, but cannabis was the most effective form of treatment he experienced. Because of its efficacy, Andrew soon became a believer in the healing and medical powers of the cannabis plant.

In 2014, Andrew began Luminescence Labs, a cannabis extract company in Denver, Colorado that specializes in different forms of concentrated cannabis used in edibles and for vaporizing. Andrew then began researching the healing properties of other cannabinoids, particularly CBD. Identifying an opportunity, he reconnected with two friends, one who was running an organic hemp farm outside of Denver, and Jack Studebaker, who was well-versed in sales. Shortly afterward, Saving Grace Oil was founded and began producing the very best and strongest CBD oil on the market. Saving Grace Oil focuses on the healing properties of cannabis, specifically CBD from whole-plant hemp. Andrew looks forward to bringing the countless benefits of CBD to people around the world and will serve an advisory role at Coil Brothers as Marijuana Industry Expert.

*Jack Studebaker, Senior Advisor*

Jack Studebaker, Co-Founder of Saving Grace Oil, has a deep-rooted love and respect for cannabis and has always held the belief that cannabis heals your mind, body, and soul. Over the past nine years, Jack has come to understand and respect these healing properties in greater depth. With this passion, over 30 years of sales experience, and an entrepreneurial spirit, he knew that the cannabis industry was right for him. Jack has heard countless stories of how cannabinoid-based

medicine helps people find a path to wellness. He is excited to continue this work and will serve as Senior Advisor at Coil Brothers.

*Chief Edward Denmark, Security & Law Enforcement Advisor*

Chief Edward Denmark is a 30-year law enforcement professional and Chief of Police at the Harvard Police Department. Chief Denmark grew up in Ayer, Massachusetts and attended Ayer High School and Fitchburg State University. He has taught criminal justice courses at Fitchburg State University and is seen as an international expert on topics involving criminal justice, safety, security, and law enforcement. Chief Denmark is a pillar in the Harvard community, known for connecting local residents with Harvard law enforcement personnel through community-based activities and outreach. Chief Denmark will serve in an advisory role as Coil Brothers' Security and Law Enforcement Advisor.

*Fatema Fazendeiro, Diversity & Public Health Advisor*

Fatema Fazendeiro is a Course Coordinator and Lecturer at Boston University's Questrom School of Business. She coordinates and instructs multiple sections of "Introduction to Business Law" (LA 245) and "Business, Society & Ethics" (SM 131) to undergraduate students. Prior to teaching at Boston University, Fatema was the General Counsel at the Boston Public Health Commission. In that role, she served as the organization's chief legal counsel with regard to tort claims, public health regulations, compliance, ethics, policy development, public contracts, healthcare privacy issues, immigration, investigations, audits, and real estate development transactions. Fatema's regulatory work includes writing and drafting regulations pertaining to tobacco control, artificial trans fats, nail salons, biological laboratories, and other issues affecting public health. Fatema was also a facilitator for mandatory racial justice and health equity training. Fatema will serve in an advisory role as Coil Brothers' Diversity and Public Health Advisor.

*Companies Providing Products and Professional Services*

In addition to the individuals just introduced, Coil Brothers has partnered with or plans to partner with numerous companies upon licensure that offer services and expertise necessary to achieve operational success. At the time of application submission, these companies include:

- Jekyll & Hyde is a branding agency catering to the cannabis industry. Jekyll & Hyde produced Coil Brothers' brand and logo and will continue to provide support and expertise in the subject of compliant marketing, advertising, and branding.
- Würk is a Human Resource Management System (HRMS) specially designed for the unique needs of the cannabis industry. Coil Brothers plans to implement Würk upon licensure to build out its HR and payroll system. Details of this project are explained in further detail in the *Personnel Policies* section of this application.
- Cannabis Trainers is a women-owned corporation founded by Maureen McNamara to create and deliver training solutions for the cannabis industry. Maureen has more than 20 years of professional training experience and her team has conducted accredited cannabis training programs in nearly a dozen regulated markets across the nation. Cannabis Trainers is in the process of customizing its Responsible Vendor Training program to meet the regulations set forth in *935 CMR 500.105(2)* and will seek program accreditation from the Commission in mid-2019. Coil Brothers is planning to engage Cannabis Trainers to provide Responsible Vendor Training.
- Safe Harbor Services is a banking service established to help bridge the gap between those operating cannabis-related businesses and financial institutions. Founder Sundie Seefried, a 35-year veteran of the credit union industry, established her company in Colorado and has since expanded to other states. Safe Harbor Services will provide financial banking services to Coil Brothers.
- The McCarty Companies is a local, family-owned civil engineering firm operated by Patrick McCarty and Daniel McCarty. Patrick McCarty, PE, President of McCarty Engineering, will assist Coil Brothers with facility permitting, site plans, construction, and design.

### Job Descriptions

A job description will be created for each open requisition. If a job description already exists for an open role, it will be reviewed and updated prior to the start of recruiting activity. Candidates who are offered a position will be required to review the job description and sign it if they choose to accept the role. Job descriptions are meant to outline specific details about the position, such as whether the role is exempt or non-exempt, what the work environment is like, and essential

responsibilities, so candidates can make an informed decision as to whether they will succeed in the role prior to accepting it. Accurate job descriptions are a useful tool in minimizing employee turnover and establishing clear expectations from day one of employment. Coil Brothers’ job description template is included in *Figure A*.

**FIGURE A  
JOB DESCRIPTION TEMPLATE**

COIL BROTHERS, LLC	
Position Title	Department/Location
Reports To	<input type="checkbox"/> Exempt <input type="checkbox"/> Non-Exempt
Compensation	Date Last Updated & By Whom
Summary of the Role	
Essential Responsibilities	
General Responsibilities	
Required Knowledge and Skills	
Required Work Experience	
Required Education	
Required Certifications, Training, and/or Licensure	
Special Requirements <p style="text-align: center;"><i>All candidates must be 21 years of age or older to be considered for employment at Coil Brothers</i></p>	
Work Conditions	
Management Responsibilities	
Employee Signature	Date
Manager Signature	Date

## Personnel Practices

The remainder of this section explains the practices Coil Brothers will implement pertaining to its personnel. The information is organized in a manner that follows the natural evolution of an employee-employer relationship, that is: recruiting, hiring, training, evaluating, retaining, and, when required, voluntary separation/resignation or termination.

### *Personnel Records*

In the following responses, frequent reference will be made to employee personnel files. Each Marijuana Establishment Agent affiliated with Coil Brothers will have an individual personnel file that will be used to retain important documents and information. Personnel files will be maintained in hard-copy form and stored in a secure physical filing system, as well as in digital form stored via the HRMS and the company's secure server. Personnel files will be maintained during an employee's entire affiliation with the company and at least 12 months following separation, per *935 CMR 500.105(9)(d)(2)*. Coil Brothers' process for maintaining personnel files and the contents of personnel files are described in greater detail in the *Personnel Policies* section of this application.

### *Recruiting Practices*

Because the cannabis industry is relatively new in Massachusetts and the United States in general, Coil Brothers is anticipating the need to hire employees from outside the industry. As discussed in further detail in the *Diversity Plan* and *Positive Impact Plan*, recruiting efforts will be focused on hiring people who represent diversity, most specifically, veterans, as well as people from areas of disproportionate impact, as defined by the Commission. There are numerous industries that share common traits with the cannabis industry, and they represent excellent pools of candidates who may possess the skills and experience required to excel at Coil Brothers. Such industries include, but are not limited to: those that are highly regulated, such as health care, insurance, and pharmaceuticals; law enforcement and security, such as military personnel and law enforcement agents; industries that require a familiarity with operating in a lab, such as chemistry and academia; and commercial manufacturing and food production.

Within six months of obtaining a license, Coil Brothers will host, sponsor, or participate in a veteran-focused career event, which will be geared toward education. Coil Brothers leadership will

attend the event to talk about positions within the company and the broader cannabis industry. Because Coil Brothers will be operating a relatively small Marijuana Product Manufacturer facility with less than 10 employees initially, this event will be held not only for the purpose of immediate hiring, but also to educate veterans about general career opportunities in the cannabis industry. Resumes will be collected, and Coil Brothers will work to place qualified candidates in open roles. Resumes will also be kept on file for future open positions and will be shared with Coil Brothers' vast network of industry partners. Coil Brothers intends to develop and maintain strategic relationships with local organizations that result in pipeline programs in which qualified, diverse candidates can be placed in open positions with Coil Brothers and with other companies in Coil Brothers' network.

If Coil Brothers chooses to advertise employment opportunities, it will be done so in the local community and in areas of disproportionate impact first, via outlets that reach a diverse audience, and always via outlets in which at least 85 percent of the audience is reasonably expected to be 21 years of age or older, per *935 CMR 500.105(4)(b)(2)*. Plans for compliant marketing and advertising are explained in greater detail in the *Proposed Label* section of this application.

### *Hiring Practices*

If a qualified candidate applies for an open position and the manager responsible for hiring for the position would like to proceed with their application, the first step is to conduct a phone interview. Following a successful phone interview will be an in-person interview with the hiring manager; depending on the position, additional interviews may follow. Any manager responsible for interviewing will be trained thoroughly on the proper way to conduct an interview. They will be trained on gender bias, non-discrimination, and Coil Brothers' diversity and positive impact goals. If a candidate is disabled, Coil Brothers will provide accommodation during the interviewing process. These steps are designed to ensure no candidate is discriminated against for reasons relating to age, race, gender, disability, culture, sexual orientation, or any other factor.

### *Training Program*

Once a candidate is offered a role at Coil Brothers, they will receive a call from the hiring manager and an offer letter detailing the position, start date and time, and compensation, among

other details. They will be required to sign their offer letter and job description prior to moving forward with the hiring process; signed documents will be placed in the employee’s personnel file.

Coil Brothers will place significant importance on training. All employees will receive the company Employee Handbook upon hire. This handbook, described more thoroughly in the *Personnel Policies* section of this application, will include company policies and procedures that pertain to all staff and must be reviewed prior to beginning work. On the first day of work, employees will complete a comprehensive, four-hour orientation training. Training will continue beyond day one to ensure staff is fully trained prior to performing job functions, per *935 CMR 500.105(2)(a)*.

Certain training will be required of all staff and other training will be required only of employees whose roles require it, as described in *Table 2*. In addition to orientation training, all staff will complete annual training and ongoing, situational training, for example, when new processing equipment is purchased, prior to the manufacture of a new product, when significant changes in legislation occur, or following an adverse event, such a product recall. All employees will receive a minimum of eight (8) hours of ongoing training annually, per *935 CMR 500.105(2)*; these eight (8) hours of training will be *in addition* to Responsible Vendor Training. Coil Brothers’ training schedule is depicted below, in *Table 1*.

**TABLE 1  
TRAINING SCHEDULE**

Within 30 Days of Hire	Annually	Ongoing
Four-hour orientation training on day one of employment, five-hour Responsible Vendor Training <i>and</i> on-the-job, functional training tailored for each Marijuana Establishment Agent. This training will be completed prior to staff performing job functions, per <i>935 CMR 500.105(2)(a)</i> .	Recurrent, annual training.	Situational training/training provided as program or company changes are made.

At the start of operation, Coil Brothers will likely hold training in a group setting since several roles will be filled within a short period of time. As single hires are made, training will transition to a one-on-one structure, with new staff completing training with their manager or a member of management most relevant to the subject being taught.

Training modules, company policies, and training records will be kept on the company’s secure server, the HRMS, and/or in hard-copy form in physical files. Employees will complete an evaluation after training to test their understanding of the subjects; evaluations will be co-developed by those involved in the development of the training curriculum. Records of each employee’s participation in training will be kept in their individual personnel file, detailing what training they participated in, on what date, and evaluation scores. Coil Brothers will maintain records of training for a minimum of four years; they will be made available to the Commission or any other applicable licensing authority upon request, per *935 CMR 500.105(2)(b)(5)*.

Coil Brothers’ training program is designed to align with all the requirements defined in *935 CMR 500.105(2)*. Specifically, Coil Brothers will ensure Marijuana Establishment Agents complete training prior to performing job functions, and that training is customized to the responsibilities of specific roles, per *935 CMR 500.105(2)(a)*. To be eligible to apply for a Compliance Leader rating, as outlined in *935 CMR 500.040(3)(d)*, Coil Brothers must ensure all employees complete required training within 90 days of hire. Coil Brothers plans to exceed this benchmark by requiring training to be completed within 30 days of hire.

**TABLE 2  
TRAINING TOPICS**

<b>All-Staff Required Training</b> <i>To be completed by all Marijuana Establishment Agents within            30 days of hire and annually thereafter.</i>	
Responsible Vendor Training <i>(935 CMR 500.105(2)(b)(1-5))</i>	Coil Brothers will require all current owners, managers, and employees to complete the Responsible Vendor Training (RVT) Program after July 1, 2019 or when available, per <i>935 CMR 500.105(2)</i> . Coil Brothers plans to engage Cannabis Trainers to provide RVT. Cannabis Trainers is currently customizing its RVT curriculum for Massachusetts and is slated to do so by summer/fall 2019. The curriculum will fulfill all requirements outlined in <i>935 CMR 500.105(2)</i> and is approximately five hours in length, more than double the two-hour RVT minimum required by the Commission. If

	<p>Cannabis Trainers does not receive accreditation by the Commission prior to Coil Brothers’ start of operations, Coil Brothers will select another RVT Program that has been accredited by the Commission. Coil Brothers will ensure RVT Program documentation is retained for four (4) years, per <i>935 CMR 500.105(2)</i>.</p>
Employee Handbook Training	<p>This training will cover high priority contents of Coil Brothers’ Employee Handbook including, but not limited to: the company’s history, mission, and core values; product information; employment standards and guidelines; highlighted policies; highlighted procedures; the company’s Diversity Plan; company benefits; and payroll.</p>
Regulatory Compliance Training	<p>This training will cover Massachusetts’ Adult Use of Marijuana Program including its history, the importance of compliance, where to find additional resources, and a thorough review of regulations pertaining to Marijuana Product Manufacturers. This training is designed to provide employees with a full context for compliant operations in Massachusetts.</p>
Security & Safety Training	<p>This training will be designed to equip all staff with the skills and knowledge required to promote safety and security. Topics may include, but are not limited to: company safety and security procedures; security requirements outlined in <i>935 CMR 500.110</i>; procedures for securing product and entrances; limited access areas; diversion prevention; fire safety; chemical safe handling; workplace hazards; fall prevention; situational awareness; identifying security threats; and facility security features.</p>
Emergency Procedure Training	<p>Related to Security &amp; Safety Training, this training will be designed to equip staff with the skills and knowledge required to effectively identify and respond to an emergency scenario at Coil Brothers. Topics may include, but are not limited to: Company Emergency Procedures, Company Disaster Plan (<i>935 CMR 500.105(1)(i)</i>); fire; medical emergency; armed robbery; and inclement weather.</p> <p>While emergencies and disasters are often unpredictable in nature, Coil Brothers acknowledges the critical role preparedness serves in responding to emergencies. Coil Brothers will develop an Emergency Procedures and Disaster Plan, which will take into account the Commission, local law enforcement, first responders, staff, stakeholders, and the community, with a primary objective of ensuring the safety of staff and the public as well as product and site security.</p> <p>In addition to this training, ongoing emergency preparedness training will be held throughout the year to keep staff skilled in this area. Ongoing trainings may include: hypothetical cases involving high-risk scenarios; an overview of roles in an emergency; who to notify; how to locate and use</p>

	communication devices throughout the facility; how to notify the Commission and what information to provide; and how to conduct an after-incident security review.
Zero Tolerance Policy Training	This training will be used to introduce all staff to Coil Brothers' Zero Tolerance Policy regarding behavior that constitutes immediate dismissal from the company, in accordance with 935 CMR 500.105(1)(l). Employees will gain a clear understanding of what is not permissible behavior under any circumstances at Coil Brothers. See the <i>Personnel Policies</i> section for more information.
Alcohol, Smoke, and Drug-Free Workplace Policy Training	This training will be used to introduce all staff to the company's Alcohol, Smoke, and Drug-Free Workplace Policy, which prohibits employees from using, possessing, selling, or distributing alcohol, illegal drugs, paraphernalia, and/or other substances including cannabis that may impair their abilities while on company property in accordance with 935 CMR 500.105(1)(j). It also strictly prohibits staff from working under the influence. See the <i>Personnel Policies</i> section for more information.
Anti-Harassment Training	This training will be used to establish expectations regarding behavior at Coil Brothers. All staff will be educated on the following topics: different forms of harassment; how to prevent harassment; how to identify harassment; and how to report harassment if it is witnessed.
Theft & Diversion Training	This training will be designed to provide information regarding theft and diversion. Employees will walk away from this training with an understanding of the following topics: what is diversion and theft; how to identify it; ways to assist in preventing it; and disciplinary and legal action that may be taken against anyone found guilty of theft or diversion at Coil Brothers. There are many warning signs that accompany potential theft or diversion scenarios, and this training will be designed to equip all staff with the ability to take an active role in the prevention of theft and diversion. See the <i>Diversion Prevention</i> section for more information.
Diversity & Cultural Competency Training	Fostering an environment that respects diversity is an important goal of Coil Brothers. This training will be designed to teach all staff why diversity is important and what the company's diversity goals are. Coil Brothers' Diversity and Public Health Advisor, Fatema Fazendeiro, will play a critical role in developing Coil Brothers' Diversity and Cultural Competency Training. See the <i>Diversity Plan</i> and <i>Positive Impact Plan</i> for more information.

Communication Training	Coil Brothers values open communication and wants every employee to feel like they have a direct line to discuss matters that concern them. This training will be developed to inform all staff of the different methods of internal communication at Coil Brothers. Additionally, this training is designed to inform staff of the methods for communication with external partners including law enforcement and the Commission. Staff will be taught incident reporting processes that are to be used in scenarios including: inventory discrepancies; diversion, theft, or loss of product; criminal or suspicious activity; unauthorized destruction of cannabis; alteration of records; alarm activation or alarm system failure lasting more than eight hours; and any other security breach, in accordance to <i>935 CMR 500.110(7)</i> .
Product Training	Coil Brothers feels that it is important for all its staff, no matter their role, to understand and be able to accurately discuss Coil Brothers' products. This training will be designed to inform employees of the company product line and how the products are manufactured. Products are described in further detail in the <i>Description of Proposed Products</i> section of this application.
<p><b>Role-Specific Training</b>  <i>Dependent on Marijuana Establishment Agent's role and responsibilities.  To be completed within 30 days of hire and annually thereafter.</i></p>	
Sanitation & Hygiene Training	This training is designed to inform staff of the company's sanitation requirements, which will be written with strict adherence to <i>935 CMR 500.105(3)(b)</i> . Topics covered will include, but are not limited to: personal cleanliness; proper hand-washing; maintaining work areas; preventing contamination; and personal protective equipment (PPE).
Marijuana Product Manufacturer Training	This training will cover numerous topics including, but not limited to: CO <sub>2</sub> extraction, post-refinement, manufacturing safety, packaging and labeling, equipment inspection and maintenance, food-safety standards, proper handling of raw materials, and cross-contamination prevention.
OSHA Training	This training will cover federal OSHA standards and other topics including safe handling and storage of chemicals, solvents, and flammable materials, chemical spills, chemical waste, appropriate PPE, understanding manufacturer Safety Data Sheets (SDSs), and more.
METRC Training	This training will educate employees on the state-selected seed-to-sale tracking software, METRC. Staff will gain the skills and knowledge required to accurately and effectively use METRC.

Waste Disposal Training	This training will define the company's waste disposal processes and related regulations defined in <i>935 CMR 500.105(12)</i> . See the <i>Waste Management</i> section for more information.
Secure Transport Training	Designed for employees whose role involves the transport of cannabis between licensed marijuana establishments, this training will define the company's secure transport procedures and related regulations defined in <i>935 CMR 500.105(13)</i> . See the <i>Transportation of Marijuana</i> section for more information.
Inventory Training	This training will define the company's inventory management processes, seed-to-sale tracking methods, and inventory regulations defined in <i>935 CMR 500.105(8)</i> .
Record Keeping Training	This training will define the company's record keeping processes and related regulations defined by <i>935 CMR 500.105(9)</i> .
Storage Training	This training will define the company's storage processes and related regulations defined in <i>935 CMR 500.105(11)</i> .
Recall Training	This training will be designed to train employees on the proper response to a product recall, including identifying and quarantining product; communication with licensed retailers; communication with the Commission; and communication with the public.
<p><b>Manager Training</b>  <i>Required by Marijuana Establishment Agents who fulfill managerial duties.  To be completed by managers within 30 days of hire and annually thereafter.</i></p>	
Recruiting and Hiring Training	All managers will complete this training which will cover topics including, but not limited to: how to request to fill a position; how to identify qualified candidates; the company's positive impact and diversity goals relating to recruiting and hiring; how to conduct an effective interview without being discriminatory; how to hire an employee; onboarding; and personnel file documentation.
Conflict Management Training	All managers will complete this training, which will equip them with the skills to effectively handle and resolve conflict. This training will also cover the company's discipline processes and Zero Tolerance Policy.

Performance Evaluation Training	All managers will complete this training that will cover: how to effectively conduct a performance evaluation; how to provide feedback without being discriminatory; and how to record results of the performance evaluation in the HRMS.
HRMS Training	This training will be designed to teach management the administrative and reporting capabilities of the HRMS. Topics covered will include, but are not limited to: payroll processing, scheduling, time card approval, personnel files, performance evaluations, and recruiting and hiring.

### *Evaluating Employee Performance*

Coil Brothers will encourage open and honest communication between managers and direct reports and managers will be trained to give feedback on employee performance on an ongoing basis. Additionally, Coil Brothers will institute an annual performance evaluation model. The annual evaluation will be given within 30 days of the anniversary in which the employee began working with the company and will be conducted by the employee’s manager. Performance evaluations will be geared toward constructive feedback and are not intended to be punitive; they will also provide a practical method for promoting, increasing compensation, and discussing areas of strength and weakness. Results of performance evaluations will be kept in the employee’s personnel file.

Coil Brothers’ evaluation process will consist of an in-person meeting between the employee and his or her manager. As part of every evaluation meeting, employees will be encouraged to provide goals for the next year; these goals may be professional or personal and should be specific, measurable, attainable, realistic, and timebound. All managers will be trained on the proper technique of conducting employee evaluations. Some best practices include:

- Avoid using discriminatory language;
- Use specifics when providing feedback, both positive and constructive;
- Consider the previous year in its entirety, not just recent months;
- Provide praise for positive attributes and contributions; and
- Provide regular feedback between annual evaluations so there are no surprises.

### *Employee Retention*

Coil Brothers strives to be a fair and responsible employer, so that each employee feels committed to the company and happy and fulfilled in their role. The cannabis industry is notorious for high turnover which has been attributed to many factors including burnout, fatigue, steep learning curves, lack of direction, and toxic work environments. Coil Brothers will work hard to challenge this by developing a positive and rewarding company atmosphere.

There are many actions Coil Brothers will take to contribute to a high retention rate and employee engagement. First, management will be trained to value employee autonomy. Employees will be required to understand and adhere to company policies and Massachusetts' Adult Use of Marijuana Program regulations to ensure a high level of safety, security, and compliance; beyond this requirement, employees will be encouraged to think and act for themselves.

Coil Brothers is pleased to offer its employees competitive salaries, benefits, paid days off, and plenty of opportunities to learn, participate in outreach, and grow in their career. Coil Brothers will institute a minimum hourly wage of \$14 an hour, with many employees being compensated well above this rate.

Feedback mechanisms will be numerous so employees can bring forth concerns, comments, or ideas for improvement. Feedback mechanisms will include, but are not limited to: open lines of communication with management including phone, email, and in-person meetings; a method for providing anonymous feedback such as a comment box system; and annual employee surveys. Coil Brothers will also actively build a culture that recognizes staff for work anniversaries, birthdays, involvement in social organizations and/or trainings, and outstanding work performance.

Because Coil Brothers anticipates rapid growth within its first five years, succession planning will be a core focus. Management will be encouraged to fill open roles by promoting internal candidates first, before looking outside of the organization. Coil Brothers is confident that those hired in the early phases of operations will be given numerous opportunities to advance their career at Coil Brothers.

### *Discipline, Termination, and Separation*

Coil Brothers will institute a progressive discipline policy in which an employee receives a predictable and standard series of disciplinary action following inappropriate behavior or poor work performance. The progressive discipline process will begin with oral warning, followed by written warning, followed by termination, if warranted. Managers will be trained on how to effectively follow this process, and how to properly document each phase of the discipline policy in the employee's personnel file. In situations that violate Coil Brothers' Zero Tolerance Policy, such as an employee being involved in diversion, the employee will be terminated immediately and may be reported to the Commission and local law enforcement, in compliance with applicable regulations. Coil Brothers will follow all local and Commonwealth rules and regulations with regard to terminating employees. Records of termination or voluntary separation/resignation will be included in the employee's personnel file detailing the nature of the termination or separation/resignation, the date the Marijuana Establishment Agent became unaffiliated with Coil Brothers, and proof that their agent registration card is void. The Commission will be notified immediately when a Marijuana Establishment Agent separates from the company.

### Summary

These plans depict Coil Brothers' unwavering desire to remain compliant with all local and Commonwealth regulations and to build a workplace that is positive, inclusive, and effective. Coil Brothers will hire and engage individuals who are diverse, talented, and motivated; then Coil Brothers will train them to be effective in their roles. Coil Brothers' rigorous training program will ensure all employees receive a minimum of eight (8) hours of ongoing training annually (*935 CMR 500.105(2)*); all current owners, managers, and employees will complete the Responsible Vendor Training Program after July 1, 2019 or when available (*935 CMR 500.105(2)*); and Responsible Vendor Program documentation will be retained for four (4) years (*935 CMR 500.105(2)*). Finally, Coil Brothers will offer its employees the support and leadership needed to keep them fulfilled. By meeting each of the objectives outlined in this plan, Coil Brothers will be well-positioned to achieve its operational targets. The key to a successful company often rests in its people — Coil Brothers recognizes this and will continue to strive for the vision of becoming a model cannabis Marijuana Product Manufacturer in the Commonwealth of Massachusetts.

## PERSONNEL POLICIES

### Coil Brothers

#### Introduction

Coil Brothers' mission is to build a company that is committed to and capable of manufacturing the highest quality cannabis extracts in the Commonwealth. To achieve this, Coil Brothers must recruit, hire, train, and retain the industry's top talent. At every level of the company, from entry level to senior leadership, Marijuana Establishment Agents associated with Coil Brothers will be expected to display behavior that is in alignment with the company's core values, which include honesty, trust, respect, and commitment.

Selecting the right people to work with Coil Brothers is a critical task — in recruitment and hiring, Coil Brothers will engage candidates who possess desirable qualifications explained in further detail in the *Employee Qualifications and Training* section of this application. At the same time, Coil Brothers recognizes the extreme importance of implementing company policies that formalize expectations surrounding work behavior and performance and serve as guiding principles for decision making. Company policies will be used in conjunction with standard operating procedures (SOPs), a set of documents which specify series of steps that ensure consistent end results.

Prior to the start of operations, Coil Brothers will develop its comprehensive set of personnel policies. Such policies are not intended to foster an environment that is punitive, authoritative, or restrictive. Rather, they are meant to drive autonomy and engagement by establishing clear expectations from the very onset of employment. Coil Brothers is confident that such policies will promote the understanding of what behavior is legal, acceptable, and encouraged. Each policy will be written to meet the following criteria:

- The policy ensures full and sustainable compliance with applicable regulations;
- The policy contributes to consistency and predictability within the company;
- The policy promotes accountability by clearly outlining expectations;
- The policy contributes to a strong, respectful, and productive company culture; and
- The policy positions Coil Brothers as a model cannabis operator and favorably viewed business in the community.

In this *Personnel Policies* section, selected policies have been summarized to demonstrate Coil Brothers' thorough understanding of the regulations provided by the Cannabis Control Commission ("Commission"). Coil Brothers strives to create one of the most effective and collaborative work environments in the industry and instituting the personnel policies described herein represents a significant step toward achieving this vision.

### *Human Resource Management System*

Upon licensure, Coil Brothers plans to purchase and implement a Human Resource Management System (HRMS). After thorough research of the numerous options on the market, Coil Brothers plans to select Würk, as this HRMS is specially designed for the unique needs of the cannabis industry. Backed by Kronos technology, one of the most trusted names in HR and payroll systems, Würk is used by dozens of prominent cannabis companies across the United States. This system will allow Coil Brothers to roll out personnel policies systematically and consistently, especially as the company grows. It will also assist in accurate personnel recordkeeping and features many other beneficial capabilities, some of which include:

- Customizable agent onboarding checklists;
- Agent registration and credential monitoring, equipped with expiration date alerts;
- Personnel profiles;
- Scheduling tools;
- Payroll management;
- Performance appraisal tools;
- Tax filing tools;
- Advanced reporting features;
- Secure document vaults; and
- Company organizational directories.

Marijuana Establishment Agents will gain access to their individual HRMS portal upon hire. They can login to view their schedule, access company policies, and review payroll and tax information, among other features. Management will be given administrative access. They can login to their administrative portal to manage open positions, view and update personnel profiles, adjust schedules, approve time cards, and access an HR resource center, among other features.

This HRMS will be integral to the oversight of Coil Brothers' personnel policies and will be referenced frequently in this section.

### Onboarding

Prior to commencing operations, Coil Brothers will develop an Employee Handbook that will be given to all Marijuana Establishment Agents upon hire. This handbook will be distributed as a durable, three-ring binder so information can easily be added, updated, and organized. The intention is that staff use the Employee Handbook as a resource throughout their entire affiliation with the company. Contents of the Employee Handbook may include, but are not limited to:

- A welcome letter from leadership
- Onboarding checklist
- Information regarding Coil Brothers' history, mission, and core values
- Information regarding the Commission and program regulations
- Employment-at-will statement
- Employment standards and guidelines including, but not limited to: Equal Employment Opportunity (EEO); Non-Discrimination Statement; Americans with Disabilities Act (ADA); and Fair Labor Standards Act (FLSA)
- Company policies including, but not limited to:
  - Agent Registration Policy (935 CMR 500.030)
  - Diversion, Theft, and Loss Policy (935 CMR 500.160 and 935 CMR 500.105(1)(o))
  - Recall Policy (935 CMR 500.030(5)(b))
  - Defective Product Policy (935 CMR 500.105(12))
  - Transportation Policy (935 CMR 500.105(13))
  - Energy Efficiency and Conservation Policy (935 CMR 500.105(1)(p))
  - Transfer, Acquisition, or Sale of Cannabis Policy (935 CMR 500.130(5)(f))
  - Employee Security Policy (935 CMR 500.105(1)(b))
  - Alcohol, Smoke, and Drug-Free Workplace Policy (935 CMR 500.105(1)(j))
  - Confidential Information Policy (935 CMR 500.105(1)(k))
  - Zero Tolerance Policy (935 CMR 500.105(1)(l))
  - Cash Handling Policy (935 CMR 500.105(1)(n))
  - Visitor Policy (935 CMR 500.110(4)(e))

- Conflicts of Interest Policy
- Personal Appearance and Dress Code Policy
- Unsatisfactory Testing Results Policy (*935 CMR 500.160*)
- Anti-Harassment Policy
- Electronic Device Usage Policy
- Social Media Policy
- Occupational Safety and Health Administration’s Hazardous Chemical Standard
- Company-wide procedures including, but not limited to:
  - Security procedures
  - Safety procedures
  - Emergency procedures
  - Waste disposal procedures
  - Communication procedures
- A summary of Coil Brothers’ *Diversity Plan* and *Positive Impact Plan* and key objectives
- Coil Brothers’ product information
- Facility map indicating emergency exits, fire extinguishers, eye wash stations, security alarms, and other security and safety features
- Information on compensation, payroll, paid time off, sick leave, holidays, overtime, work schedules, and breaks
- Information on company benefits
- Information on performance appraisals
- Information on professional development opportunities

Upon hire, Marijuana Establishment Agents will be required to read the Employee Handbook and sign an acknowledgement form prior to beginning work. Completing the acknowledgement form will confirm the agent’s receipt of the handbook, understanding of its contents, and commitment to abide by its principles. The original signed acknowledgement form will remain with the agent and copies will be stored in the agent’s digital personnel file via the HRMS and the company’s secure server, and as a hard copy in the agent’s physical personnel file.

An onboarding checklist will be developed outlining a complete list of new agent tasks. This checklist will be accessible via the HRMS and it will be the responsibility of the manager who will

oversee the new hire to ensure all checklist items are completed within 30 days of hire. Items that must be completed prior to the standard 30 days, such as the Employee Handbook review, will be highlighted with an alternate deadline. Managers and employees will receive an alert from the HRMS when a critical deadline is approaching, in order to ensure full compliance with local and Commonwealth regulations.

Orientation training will be required for all new employees and will occur on the first day of employment, prior to the handling of cannabis or cannabis products. Orientation training will consist of:

- At least four hours of training on company policies and procedures; these four hours are *in addition* to the five hours of Responsible Vendor Training outlined in *935 CMR 500.105(2)*, as explained further in the *Employee Qualifications and Training* section of this application. Role-specific, on-the-job training will also be conducted over the first 30 days of employment. This training will be tailored for each Marijuana Establishment Agent and will be completed prior to staff performing job functions, per *935 CMR 500.105(2)(a)*.
- Time for employees to complete and ensure accuracy of all required employment forms, including registration forms.
- A facilitated review of high priority contents of the Employee Handbook.

### Highlighted Policies

Below are a series of highlighted personnel policies that will be developed and implemented at Coil Brothers. Complete policies will be distributed in printed format within the Employee Handbook, will be accessible digitally via the company's secure server and HRMS, introduced during orientation training, and/or reviewed annually during recurrent training.

#### *Agent Registration Policy*

Coil Brothers will apply to register all its board members, directors, employees, executives, managers, and volunteers through the Commission per *935 CMR 500.030(1)*. Coil Brothers will verify that all its Marijuana Establishment Agents are at least 21 years of age and have not been convicted of an offense in the Commonwealth involving the distribution of controlled substances to minors, or a like violation per *935 CMR 500.030(1)(b)*. The application will include all requirements outlined in *935 CMR 500.030(2)(a-f,h)* and Coil Brothers will supply the application

fee, per *935 CMR 500.030(2)(g)*. Coil Brothers will also assist in the renewal of agent registration cards, which is required every year from the date of issue, per *935 CMR 500.030(5)*. The company HRMS will be programmed to alert employees and management when the registration renewal period is approaching.

Coil Brothers will ensure its Marijuana Establishment Agents complete training prior to performing job functions, per *935 CMR 500.105(2)(a)* and all Marijuana Establishment Agents will complete Responsible Vendor Training, per *935 CMR 500.105(2)(b)* in order to be designated “responsible vendors.”

If an agent is no longer associated with Coil Brothers, whether due to voluntary separation or termination, Coil Brothers will notify the Commission within one business day, in accordance to *935 CMR 500.030(4)*, and the agent’s registration card will be immediately void. Marijuana Establishment Agents will be informed of their responsibility to notify Coil Brothers if any personal information used in their application changes or if they discover that their registration card is lost or stolen. Should either scenario occur, Coil Brothers will notify the Commission in no more than five business days, per *935 CMR 500.030(6)*.

Marijuana Establishment Agents will be instructed to carry and visibly display their registration card at all times while on the premises, during secure transport of cannabis, and while handling cannabis, in accordance with *935 CMR 500.030(7)*. Coil Brothers will require all employees to obtain a registration card exclusively for their affiliation with Coil Brothers, regardless of whether they are registered through another marijuana establishment per *935 CMR 500.030(8)*. Laboratory agents affiliated with an independent testing laboratory will be prohibited from becoming a Coil Brothers agent, per *935 CMR 500.029(11)*.

Coil Brothers understands the various reasons the Commission may deny a registration card, as described in *935 CMR 500.031*, and will do its part in limiting the likelihood of denial by requiring employees to provide and submit information that is accurate and complete. Similarly, Coil Brothers will provide adequate education to its staff regarding the violations outlined in *935 CMR 500.032(1)* that would result in the revocation of their card. Coil Brothers will train its staff to respect their registration with the Commission and to behave in a way that does not tarnish Coil Brothers’ reputation or its ability to comply with the law.

When an agent is no longer associated with Coil Brothers, when a new card has been issued by the Commission, or if an agent passes away, their registration card will be void, per *935 CMR 500.033*; the agent's personnel profile will be updated.

Coil Brothers will also issue each agent a unique employee identification badge. This badge is to be visibly displayed on the agent while at the facility or during secure transport (*935 CMR 500.110(4)(d)*). Agents will receive programmed access keys to provide entry to the facility and specific limited access areas if considered necessary to fulfill the duties of their role.

All employment candidates will undergo a criminal background check using CORI in order to qualify for registration with the Commission. Per *935 CMR 500.030(3)*, Coil Brothers will submit a CORI report and any other background check information required by the Commission for each individual Marijuana Establishment Agent registration, obtained within 30 days prior to submission of the registration application.

#### *Security and Safety Policy*

One of Coil Brothers' top priorities is to ensure the safety and security of its staff, customers, and the public. Coil Brothers will institute a company Security and Safety Policy that addresses many topics including personal safety and crime prevention techniques, per *935 CMR 500.105(1)(b)*.

All staff will be required to complete Security & Safety Training and Emergency Procedure Training during orientation and annually thereafter. These trainings are described in further detail in the *Employee Qualifications and Training* section of this application. The ultimate goal of this training is to equip staff with the skills and information necessary to: 1) prevent scenarios that may threaten safety and/or facility security; and 2) should a threatening event occur, respond to it effectively. Staff will be trained on how to identify and respond to harassment, theft, suspicion, intimidation, and diversion. In addition to orientation and annual training, ongoing scenario training will be conducted as necessary to maintain readiness to a variety of unpredictable situations.

All staff will be expected to conduct themselves in a professional manner that conveys courtesy and respect. This type of culture minimizes the likelihood of staff participating in behavior that may result in injuries or damage to company property. Any behavior that violates Coil Brothers'

Security and Safety Policy introduces unnecessary risk and such behavior will lead to disciplinary action, up to and including termination. Disciplinary action will be recorded in personnel profiles.

If an agent feels unsafe due to work conditions, the behavior of another employee, vendor, or contractor, or any other factor, they will be trained to notify a manager immediately. If the situation is time sensitive, such as a suspicious person on company premises, Marijuana Establishment Agents will know to call 911 without delay. Marijuana Establishment Agents will be trained to never intervene during a dangerous situation.

As described below within, ‘Open Lines of Communication,’ Coil Brothers will implement a mechanism for receiving anonymous feedback so staff can share concerns regarding safety, security, and compliance without the fear of retaliation or retribution. Anonymous feedback tools are a proven compliance best practice and are widely used in many heavily regulated industries including healthcare and finance. Staff may also discuss concerns directly with any manager.

Coil Brothers will purchase equipment that is highly rated in safety features. The facility will be equipped with an eye wash station, landline telephone, intercom, Safety Data Sheets (SDSs), security alarms, and fire extinguishers. During their first day of employment at the Marijuana Product Manufacturer facility, staff will be instructed to identify the nearest exit to their primary workspace.

Coil Brothers will follow the guidance set forth in *935 CMR 500.110* when establishing its safety and security procedures. Specifically, Coil Brothers will focus its efforts and train its staff on the following tactics:

- Positively identifying individuals seeking access to the facility or products in transport;
- Preventing loitering at the facility or near transport vehicles;
- Following waste disposal, secure storage, and emergency SOPs;
- Following Visitor SOPs in accordance to *935 CMR 500.110(4)(e)*;
- Implementing limited access areas (*935 CMR 500.110(4)*);
- Visibly displaying employee identification as well as carrying registration cards at all times while on company premises;
- Securing entrances and product;
- Maintaining locks and securing keys, access codes, and passwords;
- Keeping product out of plain sight;

- Cooperating with the Commission and local law enforcement in crime prevention or response efforts;
- Ensuring uninterrupted 24-hour video surveillance at the facility;
- Implementing security alarm capabilities that meet specifications outlined in *935 CMR 500.110(5)*; and
- Ensuring security equipment is maintained, inspected, and tested at least every 30 days (*935 CMR 500.110(5)(e)*).

Coil Brothers’ security plans are described in further detail in the *Security Plan* section of this application.

*Zero Tolerance Policy*

Certain behavior will simply not be tolerated at Coil Brothers. The company’s Zero Tolerance Policy will be written in accordance with *935 CMR 500.105(1)(l)* and will clearly outline the offenses that merit immediate dismissal from the company. All staff will be given training on this policy, so no confusion exists regarding unacceptable behavior. If a Marijuana Establishment Agent is found to be involved in any of the scenarios described below, they will be terminated from the company.

Behavior	Company Action
Theft or Diversion <i>(935 CMR 500.105(1)(l)(1))</i>	The agent will be dismissed immediately and reported to local law enforcement and the Commission. Coil Brothers will fully cooperate with local law enforcement and the Commission and will provide evidence or any other information that may be relevant to an investigation upon request ( <i>935 CMR 500.300(2-3)</i> ).
Unsafe Work Practices at the Marijuana Product Manufacturer Facility <i>(935 CMR 500.105(1)(l)(2))</i>	The agent will be dismissed immediately and reported to the Commission; if an agent’s actions were malicious and could have resulted in significant harm, they will be reported to local law enforcement. Coil Brothers will fully cooperate with local law enforcement and the Commission and will provide evidence or any other information that may be relevant to an investigation upon request ( <i>935 CMR 500.300(2-3)</i> ).

Criminal Conviction or Guilty Plea as outlined in <i>935 CMR 500.105(1)(l)(3)</i>	The agent will be dismissed immediately. Coil Brothers will fully cooperate with local law enforcement and the Commission and will provide evidence or any other information that may be relevant to an investigation upon request ( <i>935 CMR 500.300(2-3)</i> ).
Workplace Substance Use ( <i>935 CMR 500.105(1)(j)</i> )	The agent will be dismissed immediately. See below for the company's Alcohol, Smoke, and Drug-Free Workplace Policy. Coil Brothers will fully cooperate with local law enforcement and the Commission and will provide evidence or any other information that may be relevant to an investigation upon request ( <i>935 CMR 500.300(2-3)</i> ).

*Alcohol, Smoke, and Drug-Free Workplace Policy*

Per *935 CMR 500.105(1)(j)*, Coil Brothers will institute an Alcohol, Smoke, and Drug-Free Workplace Policy that clearly addresses the company's zero tolerance stance regarding on-the-job substance use and impairment. Marijuana Establishment Agents will be strictly prohibited from using, selling, distributing, or possessing alcohol, illegal drugs, paraphernalia, and/or other substances including cannabis that may impair their abilities while on company property. Marijuana Establishment Agents will also be strictly prohibited from reporting to work under the influence and/or being under the influence while using company property. If an agent is suspected of being under the influence at work, Coil Brothers may choose to test the agent for drugs or alcohol. Should an agent self-report a drug, substance, or alcohol addiction or dependency, Coil Brothers will provide confidential assistance by connecting them with resources for education, treatment, and/or counseling.

This policy does not prohibit Marijuana Establishment Agents from the lawful use and possession of prescribed medications; however, Marijuana Establishment Agents who take prescribed medications must first consult a medical professional to determine whether the drug may affect their ability to perform the essential duties of their role safely and effectively and they must inform their manager. Coil Brothers will make reasonable accommodations for those who experience limitations due to a medical condition.

Coil Brothers will encourage a tobacco-free workplace. Coil Brothers feels strongly that this is the right thing to do in order to protect the well-being of its staff and the public and to ensure the strictest level of cleanliness at the Marijuana Product Manufacturer facility. Tobacco will be prohibited inside the facility, its hallways, and entrances, and in company vehicles. Tobacco

cessation resources will be provided to employees interested in quitting tobacco. Violation of this rule may result in disciplinary action.

Coil Brothers will simply not tolerate impaired behavior at work; it puts others at risk, compromises the ability to ensure product quality and regulatory compliance, threatens the company's reputation, and could result in damage to expensive equipment. This Alcohol, Smoke, and Drug-Free Workplace Policy promotes the safety of staff and customers and establishes a culture that proactively addresses substance use and abuse. This policy will be clearly outlined in the Employee Handbook and reviewed in staff training. All job postings will include a statement regarding this policy.

#### *Cash Handling Policy*

Coil Brothers plans to establish its operations in a way that minimizes the handling of cash. However, given the nature of the emerging cannabis industry, Coil Brothers acknowledges that there may be times in which cash may be handled, such as when it may be used as a form of payment. Coil Brothers will develop a Cash Handling Policy that clearly outlines the procedures for handling cash at the Marijuana Product Manufacturer facility and during secure transport. This policy will address how the cash is to be securely stored in an on-site vault, how frequently it is to be deposited to Coil Brothers' selected credit union, which Coil Brothers' staff will be responsible for cash handling, and how it will be securely transported, per 935 CMR 500.105(1)(n).

#### *Anti-Diversion Policy*

Coil Brothers will develop an Anti-Diversion Policy to prevent the diversion of cannabis of any kind, especially to individuals under the age of 21, per 935 CMR 500.105(1)(o). This policy will address numerous factors that contribute to strong anti-diversion programs including physical security measures, comprehensive hiring and training practices, accurate tracking of inventory, standard operating procedures (SOPs) regarding proper waste disposal, and standard company response protocol in the event of suspected diversion, among others. See the *Diversion Prevention* section of this application for more information.

### *Energy Efficiency and Conservation Policy*

Coil Brothers will strive to produce the highest quality cannabis products while maintaining an environmentally responsible and community focused business model. In order to minimize impacts on the environment as a direct result of operations, the following tactics will be implemented:

- LED light bulbs and fixtures will be used throughout the facility.
- Water usage will be kept to a minimum. Contrary to popular belief, Marijuana Product Manufacturer facilities use very little water, particularly when CO<sub>2</sub> extraction is the selected extraction method. Coil Brothers has prepared a Septic Usage Report and anticipates water use at the facility to be approximately 60 gallons per day.
- Efficiency will play an important factor in assessing equipment purchases. As an example, Coil Brothers has purchased and will utilize the Isolate Extraction System (IES) which is a closed-loop CO<sub>2</sub> extraction system that allows solvent to be reused. CO<sub>2</sub> extraction is highly regarded as the most environmentally friendly extraction method and for its ability to eliminate solvent residues which results in a cleaner final product and less waste. Ninety-five percent of CO<sub>2</sub> used in each extraction run will be recycled using the IES.
- Recycling will be an important practice at Coil Brothers. Staff will be trained on the proper and compliant recycling of solvents and other materials; recycling of paper and consumer goods via traditional methods will be encouraged.
- Coil Brothers will select product packaging that meets or exceeds all requirements of 935 CMR 500.105(6)(a). Coil Brothers intends to source packaging that is also recyclable. See the *Proposed Label* section of this application for more information.
- An emphasis will be placed on maintaining the facility in great working condition. The Marijuana Product Manufacturer facility will be routinely checked for leaks, malfunctioning equipment, and work hazards that not only threaten safety but also impact the facility's energy efficiency. Staff will be trained on the process of reporting facility concerns and equipment will be routinely serviced.
- Environmentally friendly cleaning agents will be used whenever appropriate.

Marijuana Establishment Agents will be trained on Coil Brothers' Energy Efficiency and Conservation Policy upon hire during orientation training and annually thereafter. Per 935 CMR

500.030(2)(a-f,h), Coil Brothers will regularly: identify opportunities for potential energy reduction, implementing them when possible; consider opportunities for renewable energy; develop strategies to reduce the facility's electric demand; and assess the opportunity to participate in energy efficiency programs. Coil Brothers will meet the additional requirements established in 935 CMR 500.130(3) with regard to energy efficiency, equipment standards, and meeting all applicable environmental laws and regulations. It is Coil Brothers' goal to ensure all employees understand their important role in upholding the company's efforts to be environmentally conscious.

### *Staffing Plan*

Coil Brothers' Marijuana Product Manufacturer facility will be located at 325 Ayer Road, Unit #116. This building is zoned Commercial (C), spans 3,600 square feet, and is on a septic tank sewage system. Because of limitations of the septic tank, the facility will initially have a full-time staff capacity of four people at the start of operations. Limited visits by executive or administrative employees, third-party transportation associates, vendors, contractors, regulatory agents, and law enforcement agents will be permitted, in addition to the four full-time employees. Depending on the daily usage of the septic tank sewage system, Coil Brothers may increase the on-site, full-time staff. However, per 935 CMR 500.105(1)(h), Coil Brothers will develop a Staffing Plan that does not exceed the limited capacity designated by local requirements and at the same time ensures safe and efficient operations.

Per the Host Community Agreement, the facility will be allowed to operate between the hours of 10 a.m. and 8 p.m., seven days a week. Coil Brothers will ensure all manufacturing activity falls within those permitted hours, specifically, Coil Brothers' hours of operation will be: Monday through Sunday, 10 a.m. to 8 p.m. Manufacturing shifts will be six to eight hours long and will generally consist of the following staff:

- 1 Director of Extractions with reception duties;
- 1-2 Extraction Technicians; and
- 1 Packaging and Labeling Associate (or Manager).

Overtime compensation will be provided to non-exempt employees who exceed 40 hours in a single work week, in accordance to the Fair Labor Standards Act (FLSA).

All “cannabis touching” operations will take place under 24-hour video surveillance at Coil Brothers’ licensed Marijuana Product Manufacturer facility, per 935 CMR 500.050(1)(e). All other staff who provide ancillary support will work remotely. Support staff may visit the manufacturing facility as needed, to perform their regular duties, and/or to attend group trainings and meetings. Support roles may include, but are not limited to:

- Chief Executive Officer;
- Chief Operations Officer;
- Chief Financial Officer;
- Chief Compliance Officer;
- General Counsel;
- Sanitation Officer;
- Members from the advisory council;
- Third-party service providers; and
- Transportation Associates.

Non-exempt employees who work six hours or more in a single shift are entitled to one, 30-minute unpaid meal break. Coil Brothers will submit to the Commission and law enforcement officials upon request a description of the facility hours of operation and after-hours contact information, per 935 CMR 500.105(1)(c). Staffing plans will be maintained in accordance to 935 CMR 500.105(9)(d)(3), illustrating Marijuana Product Manufacturer facility business hours and work conditions. The company’s HRMS will assist in scheduling shifts, notifying staff of shift changes, and tracking non-exempt employee hours.

### Policy Management

#### *How will policies be created?*

Coil Brothers will ensure all company policies are fully developed prior to the commencement of operations. The policy development process will be co-led by executive leadership and, when appropriate, Coil Brothers will contract subject matter experts to assist.

### *How will policies be distributed?*

Complete policies will be distributed in printed format within the Employee Handbook, will be accessible digitally via the company's secure server and HRMS, introduced during orientation training, and reviewed annually during recurrent training. New or updated policies will be introduced to staff upon implementation.

Marijuana Establishment Agents will be required to sign an acknowledgement form that confirms receipt and understanding of the Employee Handbook, which will include critical company policies, prior to beginning work. As new policies are introduced, individual acknowledgement forms will be signed, collected, and kept in personnel files via the company's secure server, HRMS, and in hard copy format.

It will be the responsibility of each manager to ensure the Marijuana Establishment Agents directly reporting to them are up-to-date on policy training and that employee acknowledgement forms are complete and stored within personnel files. Regular audits of personnel files will be conducted to ensure company-wide adherence.

### *How will policies be updated?*

Management will meet annually to review existing policies and identify areas for improvement or modification. All managers will play a role in reviewing and updating policies as laws, regulations, and/or standard best practices change.

### Personnel Records

It is critical that Coil Brothers maintains accurate, complete, and up-to-date personnel records. Personnel records will be maintained during the employee's entire time at Coil Brothers and at least 12 months following separation from the company, per *935 CMR 500.105(9)(d)(2)*. Personnel records listed in *935 CMR 500.105(9)(d)* will be maintained via the HRMS, the company's secure server, and/or in hard-copy format. A list of personnel records Coil Brothers will maintain is provided in the *Recordkeeping and Procedures* section of this application. Such records will include but are not limited to: job descriptions for each employee and volunteer position; organizational charts; personnel files specific to each Marijuana Establishment Agent; materials submitted to the Commission for Marijuana Establishment Agent registration; documentation and verification of references; documentation of performance evaluations; documentation of

disciplinary action; and documentation of all completed training including Responsible Vendor Training.

Per 935 CMR 500.105(9)(g), should Coil Brothers close for any reason, records will be stored for two years following closure, in a form and location dictated by the Commission, at Coil Brothers' expense.

### Company Communication

#### *Company Bulletin Board*

Coil Brothers will post a company bulletin board in a highly visible area at the Marijuana Product Manufacturer facility. This bulletin board will be regularly updated to display important information including, but not limited to:

- Program updates issued by the Commission;
- Noteworthy company changes, such as a change in executive leadership;
- Notices required by law including Massachusetts and Federal Labor Laws and EEO notices;
- Key performance metrics;
- Safety tips;
- Company awards, consumer feedback, and other accolades related to Coil Brothers products that may boost employee engagement;
- Birthday and employee milestone announcements to boost employee engagement;
- Professional development opportunities; and
- Upcoming industry meetings, either hosted by Coil Brothers or outside organizations.

A portion of this bulletin board will be reserved for employees to post information. This will be an effective way to foster a strong, collaborative atmosphere at Coil Brothers.

#### *Open Lines of Communications*

If an employee has a concern, question, or constructive idea about operations at Coil Brothers, they will be encouraged to speak with their direct supervisor or any member of management. Managers will be expected to maintain numerous communication channels including phone, email, and in-person meetings.

Coil Brothers will also institute a mechanism for collecting feedback anonymously. While transparency will always be valued at Coil Brothers, numerous studies have proven the benefit of an anonymous feedback mechanism, especially with regard to compliance issues. Employees often feel more empowered to submit a concern when they do not have to fear retaliation. Coil Brothers will maintain the policy of, “If you see something, say something,” with matters involving compliance, safety, and security. The Chief Compliance Officer will be responsible for monitoring and responding to anonymous information.

Another industry best practice Coil Brothers plans to implement is holding an annual employee survey. This survey will cover many facets of the company including work environment, safety, compliance, belief in management, and understanding of policies. Survey results will be aggregated and reviewed by the Chief Compliance Officer and other key members of leadership. Again, this anonymous feedback mechanism will allow leadership to better understand the inner workings of the company from the employee perspective.

Information gathered through these processes — direct feedback, anonymous comments, and engagement surveys — will give management the ability to understand what is and is not working, and will guide updates to company policies, procedures, and training, as needed.

### *Emergency Contacts*

Coil Brothers has identified two emergency contacts:

Dr. Matthew Zipoli, Founder and Chief Executive Officer

Cell phone: 339-223-3370

Home address: 7 Armstrong Road, Harvard, MA 01451

Email address: [mzipoli@coilbros.com](mailto:mzipoli@coilbros.com)

Matthew Brace, Founder and Chief Operations Officer

Cell phone: 617-869-2809

Home address: 491 Sudbury Road, Concord, MA 01742

Email address: [mbrace@coilbros.com](mailto:mbrace@coilbros.com)

## Summary

This section indicates Coil Brothers' full understanding of the rules and regulations that apply to the personnel of a Marijuana Product Manufacturer. As Coil Brothers develops each policy in earnest, attention will be placed not only on meeting the requirements set forth but exceeding them. This is one of many steps that must be taken to position Coil Brothers as a model in the industry.

## DIVERSITY PLAN Coil Brothers

### Introduction

Coil Brothers has developed a comprehensive Diversity Plan that demonstrates its commitment to building an inclusive, affirming, and equitable company. Included within this plan is a series of diversity goals that will serve as focus areas for the company's initial diversity efforts. These goals are designed to promote equity among minorities, women, veterans, people with disabilities, and people of all gender identities and sexual orientation, as outlined in 935 CMR 500.101(1)(c)(7)(k). Coil Brothers is confident these efforts will bring longstanding value to the company, aiding in its ability to attract and retain a diverse team, deliver on operational goals, and become a model operator in the industry.

### Coil Brothers' Commitment to Veterans

Massachusetts has a long history of being a very patriotic state. According to US Census Data estimates, more than 325,000 military veterans reside in Massachusetts. This represents a vast population of residents who could be greatly impacted by the Commonwealth's emerging cannabis industry and Adult Use Marijuana Program. Our country's opioid epidemic has been a national news topic for more than a decade, with approximately 100 Americans dying each day from opioid-related overdoses. While the entire country has felt the impact of this public health emergency, veterans represent one of the populations hardest hit. The Substance Abuse and Mental Health Services Association (SAMHSA) recently published a report describing that one in 15 veterans struggles with substance use disorder. Veterans have been found to experience higher rates of severe pain compared to the civilian population and Department of Veterans Affairs (VA) patients are prescribed, on average, more than two opioid drugs to treat chronic pain. As of December 2018, 33 states and the District of Columbia had legal medical cannabis programs, almost all of which include chronic or intractable pain as a condition that qualifies patients to access medical cannabis. Many programs also include PTSD and traumatic brain injury (TBI) as qualifying conditions, both of which affect veterans and have the potential to be relieved using cannabis. Coil Brothers recognizes the urgent need to support the veteran community and has identified veteran outreach and advocacy as its primary focus in terms of company diversity efforts.

### Engaging Diverse Businesses and Professionals

Coil Brothers has either already engaged or plans to engage several diverse businesses and/or professionals to provide products and services. Coil Brothers has prioritized engaging individuals who are veterans, minorities, women, or who represent diversity in other ways, and will continue to do so. Engaged businesses/individuals include, but are not limited to:

- Carolyn Burek, selected to fill an advisory role as the Extraction & Formulations Specialist
- Chief Edward Denmark, selected to fill an advisory role as the Security & Law Enforcement Advisor
- Cannabis Trainers, a women-owned business providing accredited Responsible Vendor Training
- Safe Harbor Services, a women-founded business selected to provide banking and financial services
- Jasonics Security Corporation, a women-owned business selected to provide security solutions

Additionally, Coil Brothers is honored to have Fatema Fazendeiro serve as its Diversity and Public Health Advisor. Fatema is a Course Coordinator and Lecturer at Boston University's Questrom School of Business. She is the former General Counsel of the Boston Public Health Commission and has facilitated mandatory racial justice and health equity training. Fatema's background and expertise are further explained in the *Employee Qualifications and Training* section. Fatema will aid in developing Coil Brothers' Diversity and Cultural Competency Training, will advise Coil Brothers' leadership regarding matters of diversity, and will assist in the evaluation of Coil Brothers' efforts to achieve its diversity goals.

### Coil Brothers' Diversity Goals

To ensure Coil Brothers' intention to support diversity is translated into action, four internal diversity goals have been developed. Coil Brothers' leadership team will ensure goals are adopted company-wide within the specified timeframe.

**Goal 1:** Within the first **two years** of obtaining a provisional license, Coil Brothers will host or participate in **five** events designed to benefit the veteran community.

The purpose of this goal is to allocate dedicated attention to the veteran community and establish strong connections with individuals active in veteran advocacy. Coil Brothers will identify opportunities to support local veterans by hosting or participating in veteran-focused events. An example of hosting may include Coil Brothers organizing, advertising, and managing a half-day Career Readiness Workshop where Coil Brothers' leadership provides resume assistance, conducts practice interviews, and discusses job readiness with

veterans interested in pursuing careers in the cannabis industry. An example of participating may include Coil Brothers' leadership attending a veteran-focused event to learn more about the challenges this population faces. **Metrics associated with this goal include:**

- Coil Brothers will select five veteran-focused events to host or participate in within two years of provisional licensure. A document will track the above metric and will help depict the effectiveness of the program. The document may track: selected events and rationale explaining why the event was selected; and date, location, audience, attendance, topics discussed, and attendee feedback of hosted events, among other items.

**Goal 2:** Coil Brothers will prioritize the recruiting and hiring of veterans, with a goal of hiring at least **10%** of its staff with individuals who identify as veterans within the **first year** of obtaining a provisional license. This will be measured by counting the number of individuals hired who are veterans, then assessing this number with the total number of individuals hired to ensure that at least 10% of all individuals hired fall within this goal.

Within six months of obtaining a provisional license, Coil Brothers will host or participate in a veteran-focused hiring event. Because Coil Brothers will be operating a small facility with 5–10 employees initially, this event will be conducted not only for the purpose of immediate hiring, but also to educate veterans about general career opportunities in cannabis. Resumes will be collected, and Coil Brothers will aim to place qualified candidates in open roles. Resumes will also be kept on file for future openings or contract opportunities and will be shared with Coil Brothers' vast network of industry partners. This hiring event will serve as one of the five veteran-focused events Coil Brothers will seek to host or participate in (Goal 1). **Metrics associated with this goal include:**

- Coil Brothers will host or participate in a veteran-focused hiring event within six months of obtaining a provisional license; Coil Brothers will count the total number of attendees and will offer at least 5% of the total number of attendees a follow-up interview.
- Coil Brothers will count the number of veterans hired, ensuring the number reaches 10% of total staff within the first year of obtaining a provisional license.

A document will track the above metrics and will help depict the effectiveness of the program. The document may track: interviews, offers, and pay rate of veterans; and date, attendance, location, and results of veteran-focused hiring events, among other items.

**Goal 3:** Coil Brothers will support professional development among veteran Marijuana Establishment Agents by offering **\$250 per calendar year** toward participation in professional development.

All employees will be immersed in Coil Brothers' thorough training program upon hire and opportunities for professional development will be encouraged. In addition, veteran employees will receive \$250 per year toward participation in professional development such as training, conferences, and memberships. Coil Brothers' intention is to develop veterans' skills, experience, and knowledge so they may attain a successful and rewarding career in the cannabis industry. **Metrics associated with this goal include:**

- Coil Brothers will provide veteran employees \$250 per calendar year for the purpose of professional development. This program will begin immediately upon Coil Brothers obtaining a provisional license.

A document will track the above metric and will help depict the effectiveness of the program. The document may track: veteran name and date employed; and date, cost, location, topic, and veteran feedback of professional development attended, among other items.

**Goal 4:** Coil Brothers will prioritize the recruiting and hiring of diverse candidates, with a goal of hiring at least **15%** of its staff with individuals who self-report a diversity status (besides veteran) within the first year of obtaining a provisional license. Depending on the company's first-year growth, this target may increase to **20%**. This will be measured by counting the number of individuals hired who self-report a diversity status, then assessing this number with the total number of individuals hired to ensure that at least 15% of all individuals hired fall within this goal.

If numerous applications are received for an open requisition, hiring managers at Coil Brothers will be trained to first narrow the selection to candidates who possess the skills and experience needed to excel. From there, priority to interview and hire will be given to those who self-identify as a minority, woman, veteran, LGBTQ person, or disabled person. All managers responsible for hiring will be informed of Coil Brothers' Diversity Plan and educated on hiring practices that support diversity. If Coil Brothers advertises open positions, 25% of all career-related ads will appear via outlets that reach diverse audiences. **Metrics associated with this goal include:**

- Coil Brothers will count the number of individuals hired who self-report a diversity status, ensuring the number reaches 15% of total staff within the first year of obtaining a provisional license.
- Coil Brothers will track every career-related ad, ensuring 25% of all ads are placed via outlets that reach diverse audiences (based on audience data).

A document will track the above metrics and will help depict the effectiveness of the program. The document may track: interviews, offers, and pay rate of all applicants and agents; and information on career-related ads such as date, outlet, response rate, and rationale of placement such as audience data, among other items.

## Company Policies and Procedures

Coil Brothers recognizes that company policies and procedures must reflect its commitment to build a respectfully diverse company. Coil Brothers will ensure its policies, training, and reporting practices support sustained and meaningful diversity at all levels of the company.

### *Policies*

As described in more detail in the *Personnel Policies* section, Coil Brothers will institute a Non-Discrimination Policy and Anti-Harassment Policy that clearly establish expectations from the onset of employment. Coil Brothers will implement numerous methods for Marijuana Establishment Agents to report harassment or other related concerns, including direct lines of communication with management, mechanisms for anonymous feedback, and an annual employee survey.

### *Training*

Coil Brothers' training will be developed with the goal of equipping staff with the knowledge and foresight to prevent undesirable situations from occurring in the first place, including harassment and discrimination of any kind. Staff will receive Diversity & Cultural Competency Training, Anti-Harassment Training, and Employee Handbook Training. Each training will promote understanding of Coil Brothers' clear stance on matters relating to diversity, harassment, discrimination, and respect in the workplace. Managers will complete additional training that provides them with skills to effectively handle conflict and conduct interviews, evaluations, and other personnel procedures without being discriminatory or biased. Coil Brothers will encourage its staff to participate in professional development seminars, conferences, or memberships that relate to diversity. These opportunities will be displayed on the company bulletin board and sent to staff via email and/or the HR Management System (HRMS).

### *Monitoring and Reporting*

To fully understand progress toward achieving its diversity goals and to identify potential opportunities for improvement, Coil Brothers will institute detailed monitoring and reporting practices. Records will be kept in hard copy in the on-site secure physical storage system and/or digitally via the HRMS or the company's secure server. Areas that will be recorded may include, but are not limited to: applicant records indicating name, self-reported race, gender, and military status, date of application submission, job title, interview status, and action taken; job offers, hires, promotions, resignations, and terminations; wages, bonuses, and other forms of compensation; disciplinary action; attendance at company training and external training, conferences, and other professional development; company outreach including location and subject of the event, means in which it was advertised, audience demographics, and results; complaints and comments brought to management and action taken; anonymous comments received and action taken; results of annual employee surveys and action taken; financial records and records of outreach highlighting involvement with specific causes; number of people placed in jobs or awarded contracts as a result of diversity efforts; and financial records detailing credits provided to veterans to attend professional development including titles and subject matter of such opportunities. The HRMS will aid in sourcing data. As required by the Commission, Coil Brothers will document the progress and/or success of this plan, in its entirety, at least annually upon renewal (one year from provisional licensure) and Coil Brothers' management will hold a twice-annual review process to assess diversity-related efforts. Summaries of activities and results of the company's *Diversity Plan* will be provided to the Commission upon request.

### *Additional Efforts*

Additional efforts Coil Brothers will take to promote a diverse and inclusive environment include, but are not limited to: providing accommodation for disabled applicants during recruiting and hiring; providing reasonable accommodation for disabled employees so they may effectively perform job duties; Spanish translation of a portion of public-facing materials; and providing reasonable accommodation for religious or cultural observances.

## Summary

Coil Brothers takes the responsibility of operating as a Marijuana Product Manufacturer seriously. It is dedicated to becoming an important pillar in the community, serving veterans, minorities, women, and all individuals who represent diversity. Building and sustaining a diverse company goes beyond equitable representation; it will become a part of company culture that each team member treats one another with respect and does their part in supporting diversity through daily business decisions. Coil Brothers will take the steps outlined within this plan to ensure it builds a company that is respectful of the unique journeys, perspectives, ideas, and traditions of its staff and community members. This plan will adhere to the requirements set forth in *935 CMR 500.105(4)* which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of Marijuana Establishments and any actions taken, or programs instituted, by Coil Brothers will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.