



## Massachusetts Cannabis Control Commission

### Marijuana Product Manufacturer

#### General Information:

License Number: MP281661  
Original Issued Date: 05/19/2020  
Issued Date: 05/19/2020  
Expiration Date: 05/19/2021

### ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: Fernway LLC

Phone Number: 203-824-3541  
Email Address: kit@fernway.com

Business Address 1: 178 Industrial Dr  
Business City: Northampton  
Business State: MA  
Business Zip Code: 01060  
Business Address 2:  
Mailing Address 1: 178 Industrial Dr  
Mailing City: Northampton  
Mailing State: MA  
Mailing Zip Code: 01060  
Mailing Address 2:

### 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: 36.25  
Role: Executive / Officer  
Percentage Of Control: 36.25  
Other Role:

First Name: Christopher Last Name: Gallant Suffix:  
Gender: Male User Defined Gender:  
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)  
Specify Race or Ethnicity:

Person with Direct or Indirect Authority 2

Percentage Of Ownership: 21.25 Percentage Of Control: 21.25  
Role: Executive / Officer Other Role:  
First Name: Liam Last Name: O'Brien Suffix:  
Gender: Male User Defined Gender:  
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)  
Specify Race or Ethnicity:

Person with Direct or Indirect Authority 3

Percentage Of Ownership: 21.25 Percentage Of Control: 21.25  
Role: Executive / Officer Other Role:  
First Name: Kevin Last Name: Wu Suffix:  
Gender: Male User Defined Gender:  
What is this person's race or ethnicity?: Asian (Chinese, Filipino, Asian Indian, Vietnamese, Korean, Japanese)  
Specify Race or Ethnicity:

Person with Direct or Indirect Authority 4

Percentage Of Ownership: 21.25 Percentage Of Control: 21.25  
Role: Executive / Officer Other Role:  
First Name: David Last Name: Van Vlierbergen Suffix:  
Gender: Male User Defined Gender:  
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)  
Specify Race or Ethnicity:

ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

Entity with Direct or Indirect Authority 1

Percentage of Control: 100 Percentage of Ownership: 100  
Entity Legal Name: Fernway Holdings LLC Entity DBA: DBA  
City:  
Entity Description: Parent company of Fernway LLC  
Foreign Subsidiary Narrative:  
Entity Phone: 203-824-3541 Entity Email: kit@fernway.com Entity Website:  
Entity Address 1: 1209 Orange Street Entity Address 2: c/o The Corporation Trust Company  
Entity City: Wilmington Entity State: DE Entity Zip Code: 19801  
Entity Mailing Address 1: 1209 Orange Street Entity Mailing Address 2: c/o The Corporation Trust Company  
Entity Mailing City: Wilmington Entity Mailing State: DE Entity Mailing Zip Code: 19801  
Relationship Description: Fernway Holdings LLC ("Parent") is now the sole member (i.e., sole owner) of Fernway LLC ("Applicant"). Christopher Gallant owns 36.25 % of the issued and outstanding membership interest of Parent; David Van Vliebergen owns 21.25 % of the issued and outstanding membership interest of Parent; Liam O'Brien owns 21.25% of the issued and outstanding membership

interest of Parent; Kevin Wu owns 21.25% of the issued and outstanding membership interest of Parent. Gallant, Van Vliebergen, O'Brien, and Wu previously owned 36.25%, 21.25%, 21.25%, and 21.25% of the membership interests in Applicant, respectively, and contributed those membership interests to Parent in exchange for the same percentage of the issued and outstanding membership interest of Parent. These 4 individuals own collectively 100% of the issued and outstanding membership interest of Parent. Parent's Board of Managers is comprised of Gallant, Van Vlierbergen, O'Brien, and Wu, as is the Board of Managers of Applicant. Gallant is CEO of Parent and remains CEO of Applicant. Van Vliebergent is CFO of Parent and remains CFO of Applicant. O'Brien is CMO of Parent and remains CMO of Applicant. Wu is COO of Parent and remains COO of Applicant.

#### CLOSE ASSOCIATES AND MEMBERS

No records found

#### CAPITAL RESOURCES - INDIVIDUALS

No records found

#### CAPITAL RESOURCES - ENTITIES

Entity Contributing Capital 1

|  |                                   |  |  |
|--|-----------------------------------|--|--|
| <b>Entity Legal Name:</b> Fernway LLC        |                                   | <b>Entity DBA:</b>                                     |  |
| <b>Email:</b> kit@fernway.com                | <b>Phone:</b>                     |  |  |
|  | 203-824-3541                      |  |  |
| <b>Address 1:</b> 178 Industrial Dr          |                                   | <b>Address 2:</b>                                      |  |
| <b>City:</b> Northampton                     | <b>State:</b> MA                  | <b>Zip Code:</b> 01060                                 |  |
| <b>Types of Capital:</b> Monetary/<br>Equity | <b>Other Type of<br/>Capital:</b> | <b>Total Value of Capital Provided:</b><br>\$712836.72 | <b>Percentage of Initial Capital:</b><br>63.76 |
| <b>Capital Attestation:</b> Yes              |                                   |  |  |

#### BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES

No records found

#### DISCLOSURE OF INDIVIDUAL INTERESTS

No records found

#### MARIJUANA ESTABLISHMENT PROPERTY DETAILS

**Establishment Address 1:** 178 Industrial Drive

**Establishment Address 2:**

**Establishment City:** Northampton

**Establishment Zip Code:** 01060

**Approximate square footage of the Establishment:** 12000

**How many abutters does this property have?:** 13

**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 |
|--|--|------|--------------------------|-------------|
| Certification of Host Community Agreement  | Fernway LLC Certification of Host Community Agreement.pdf  | pdf  | 5ce44e71748dc71348c35bfd | 05/21/2019  |
| Community Outreach Meeting Documentation   | Fernway LLC Community Outreach Meeting Documentation.pdf   | pdf  | 5ce56907c70e2b132b312917 | 05/22/2019  |
| Plan to Remain Compliant with Local Zoning | Fernway LLC Plan to Remain Compliant With Local Zoning.pdf | pdf  | 5dd6dadf9c1081532b9a64e2 | 11/21/2019  |

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 | Fernway LLC Plan To Positively Impact Areas of Disproportionate Impact.pdf | pdf  | 5df7f99ad74bf6532e9ff1a3 | 12/16/2019  |

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### INDIVIDUAL BACKGROUND INFORMATION

##### Individual Background Information 1

Role: Executive / Officer Other Role:  
First Name: Christopher Last Name: Gallant Suffix:  
RMD Association: Not associated with an RMD  
Background Question: no

##### Individual Background Information 2

Role: Executive / Officer Other Role:  
First Name: Kevin Last Name: Wu Suffix:  
RMD Association: Not associated with an RMD  
Background Question: yes

##### Individual Background Information 3

Role: Executive / Officer Other Role:  
First Name: David Last Name: Van Vlierbergen Suffix:  
RMD Association: Not associated with an RMD  
Background Question: no

##### Individual Background Information 4

Role: Executive / Officer Other Role:  
First Name: Liam Last Name: O'Brien Suffix:  
RMD Association: Not associated with an RMD  
Background Question: no

#### ENTITY BACKGROUND CHECK INFORMATION

##### Entity Background Check Information 1

Role: Investor/Contributor Other Role:  
Entity Legal Name: Fernway LLC Entity DBA: Fernway LLC  
Entity Description: Massachusetts Limited Liability Company  
Phone: 203-824-3541 Email: kit@fernway.com  
Primary Business Address 1: 178 Industrial Dr Primary Business Address 2:  
Primary Business City: Northampton Primary Business State: MA Principal Business Zip Code:

**Additional Information:****Entity Background Check Information 2****Role:** Parent Company**Other Role:****Entity Legal Name:** Fernway Holdings LLC**Entity DBA:****Entity Description:** Parent company of Fernway LLC**Phone:** 203-824-3541**Email:** kit@fernway.com**Primary Business Address 1:** 1209 Orange Street**Primary Business Address 2:** c/o The Corporation  
Trust Company**Primary Business City:** Wilmington**Primary Business State:** DE**Principal Business Zip Code:** 19801

**Additional Information:** Fernway Holdings LLC ("Parent") is now the sole member (i.e., sole owner) of Fernway LLC ("Applicant"). Christopher Gallant owns 36.25 % of the issued and outstanding membership interest of Parent; David Van Vliebergen owns 21.25 % of the issued and outstanding membership interest of Parent; Liam O'Brien owns 21.25% of the issued and outstanding membership interest of Parent; Kevin Wu owns 21.25% of the issued and outstanding membership interest of Parent. Gallant, Van Vliebergen, O'Brien, and Wu previously owned 36.25%, 21.25%, 21.25%, and 21.25% of the membership interests in Applicant, respectively, and contributed those membership interests to Parent in exchange for the same percentage of the issued and outstanding membership interest of Parent. These 4 individuals own collectively 100% of the issued and outstanding membership interest of Parent. Parent's Board of Managers is comprised of Gallant, Van Vlierbergen, O'Brien, and Wu, as is the Board of Managers of Applicant. Gallant is CEO of Parent and remains CEO of Applicant. Van Vliebergent is CFO of Parent and remains CFO of Applicant. O'Brien is CMO of Parent and remains CMO of Applicant. Wu is COO of Parent and remains COO of Applicant.

**MASSACHUSETTS BUSINESS REGISTRATION****Required Business Documentation:**

| Document Category  | Document Name  | Type | ID                       | Upload Date |
|--|--|------|--------------------------|-------------|
| Secretary of Commonwealth - Certificate of Good Standing | Fernway LLC Certificate of Good Standing from the Secretary of the Commonwealth of Massachusetts.pdf | pdf  | 5ce46f4bacc50017edd5fb4e | 05/21/2019  |
| Articles of Organization                                 | Fernway LLC Certificate of Organization.pdf  | pdf  | 5ce57fd064ca8317f4fc8b31 | 05/22/2019  |
| Articles of Organization                                 | Fernway LLC Certificate Of Amendment.pdf   | pdf  | 5ce57fddc70e2b132b3129a2 | 05/22/2019  |
| Department of Revenue - Certificate of Good standing     | Fernway LLC Certificate of Good Standing from the Massachusetts Department of Revenue.pdf            | pdf  | 5dd6dca0fd468857b99bd26d | 11/21/2019  |
| Bylaws   | Fernway LLC Operating Agreement.pdf  | pdf  | 5dd6dda566a32657cfbdfb34 | 11/21/2019  |

No documents uploaded

**Massachusetts Business Identification Number:** 001348210**Doing-Business-As Name:****DBA Registration City:** Northampton**BUSINESS PLAN****Business Plan Documentation:**

| Document Category | Document Name                        | Type | ID                       | Upload Date |
|-------------------|--------------------------------------|------|--------------------------|-------------|
| Business Plan     | Fernway LLC Business Plan.pdf        | pdf  | 5dd6de4cea4df3530e64579c | 11/21/2019  |
| Proposed Timeline | Fernway LLC Operational Timeline.pdf | pdf  | 5dd6de97b4f83557d6cc7a2c | 11/21/2019  |

|                              |  |     |                          |            |
|------------------------------|--|-----|--------------------------|------------|
| Plan for Liability Insurance | Fernway LLC Plan for Obtaining Liability Insurance.pdf | pdf | 5dd6df4bea4df3530e6457a5 | 11/21/2019 |
|------------------------------|--|-----|--------------------------|------------|

## OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

| Document Category                                    | Document Name   | Type | ID                       | Upload Date |
|--|---|------|--------------------------|-------------|
| Method used to produce products                      | Fernway LLC Methods Used to Produce Products.pdf                      | pdf  | 5dd6e531d5b0805341c63071 | 11/21/2019  |
| Restricting Access to age 21 and older               | Fernway LLC Plan for Restricting Access.pdf                           | pdf  | 5dd6e5b59c1081532b9a653d | 11/21/2019  |
| Security plan  | Fernway LLC Security Plan.pdf   | pdf  | 5dd6e5f566a32657cfbdfb7f | 11/21/2019  |
| Prevention of diversion                              | Fernway LLC Diversion Prevention Plan.pdf                             | pdf  | 5dd6e62e160e3b57a3dd3427 | 11/21/2019  |
| Storage of marijuana                                 | Fernway LLC Storage Plan.pdf  | pdf  | 5dd6e65eea4df3530e6457f3 | 11/21/2019  |
| Transportation of marijuana                          | Fernway LLC Transportation Plan.pdf                                   | pdf  | 5dd6e68c66a32657cfbdfb88 | 11/21/2019  |
| Inventory procedures                                 | Fernway LLC Inventory Management Plan.pdf                             | pdf  | 5dd6e6bab4f83557d6cc7a6d | 11/21/2019  |
| Quality control and testing                          | Fernway LLC Quality Control & Testing Plan.pdf                        | pdf  | 5dd6e705b4f83557d6cc7a71 | 11/21/2019  |
| Dispensing procedures                                | Fernway LLC Dispensing Procedures Plan.pdf                            | pdf  | 5dd6e74626aa77532085c5c7 | 11/21/2019  |
| Personnel policies including background checks       | Fernway LLC Personnel Policies Including Background Checks.pdf        | pdf  | 5dd6e7690f35e05798b381dc | 11/21/2019  |
| Record Keeping procedures                            | Fernway LLC Record-Keeping Plan.pdf                                   | pdf  | 5dd6e7c0ea4df3530e6457ff | 11/21/2019  |
| Maintaining of financial records                     | Fernway LLC Maintenance of Financial Records Plan.pdf                 | pdf  | 5dd6e7fafd468857b99bd2cd | 11/21/2019  |
| Qualifications and training                          | Fernway LLC Qualifications and Training Plan.pdf                      | pdf  | 5dd6e8e27aad8653363bdffc | 11/21/2019  |
| Types of products Manufactured.                      | Fernway LLC Product Description.pdf                                   | pdf  | 5df7fa1600f72d57285ed1e1 | 12/16/2019  |
| Diversity plan                                       | Fernway LLC Diversity Plan.pdf  | pdf  | 5df7fa1838abaf57497a9840 | 12/16/2019  |
| Sample of unique identifying marks used for branding | Fernway LLC Samples of unique identifying marks used for branding.pdf | pdf  | 5df7fa1afe65bd5750700824 | 12/16/2019  |

## 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: 7:00 AM    | Monday To: 7:00 PM    |
| Tuesday From: 7:00 AM   | Tuesday To: 7:00 PM   |
| Wednesday From: 7:00 AM | Wednesday To: 7:00 PM |
| Thursday From: 7:00 AM  | Thursday To: 7:00 PM  |
| Friday From: 7:00 AM    | Friday To: 7:00 PM    |
| Saturday From: 7:00 AM  | Saturday To: 7:00 PM  |
| Sunday From: Closed     | Sunday To: Closed     |

## 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

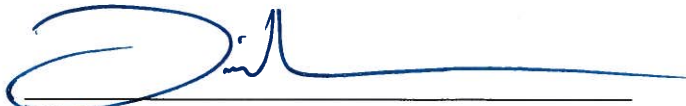
I, Christopher Gallant, (*insert name*) certify as an authorized representative of Fernway LLC (*insert name of applicant*) that the applicant has executed a host community agreement with Northampton, MA (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on March 19, 2019 (*insert date*).



Signature of Authorized Representative of Applicant

### Host Community

I, DAVID J. NARKEWICZ, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for CITY OF NORTHAMPTON (*insert name of host community*) to certify that the applicant and CITY OF NORTHAMPTON (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on MARCH 19, 2019 (*insert date*).



Signature of Contracting Authority or  
Authorized Representative of Host Community



## 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, Christopher (Kit) Gallant, (*insert name*) attest as an authorized representative of Fernway LLC (*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 March 4, 2019 (*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 February 19, 2019 (*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 2/15/2019, 2/20/2019, 2/15/2019, respectively (*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 February 20, 2019 (*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.





Christopher Gallant <kit.gallant@gmail.com>

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## Notice of Community Outreach Meeting

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**Christopher (Kit) Gallant** <kit@gofernway.com>  
To: cclerk@northamptonma.gov

Fri, Feb 15, 2019 at 3:08 PM

Hi Ms. Powers,

Please see the attached notice of Fernway's community outreach meeting, to be held on Monday, March 4, 2019. This notice is being provided to the City Clerk's office to notify the City Clerk of Fernway's community outreach meeting, pursuant to 935 CMR 500.101(1)(a)(9). Please let us know if you require any additional information.

Best,  
Kit Gallant

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Christopher (Kit) Gallant  
Fernway LLC  
Co-Founder / CEO  
203-824-3541



**Fernway Public Notice - City Clerk.pdf**  
78K



Office of the City Clerk  
c/o Pam Powers  
City Hall  
210 Main St. Room 4  
Northampton, MA 01060

**RE: NOTICE OF COMMUNITY OUTREACH MEETING REGARDING ADULT-USE MARIJUANA ESTABLISHMENT**

Notice is hereby given that Fernway LLC of 178 Industrial Drive, Northampton MA will conduct a Community Outreach Meeting on the following matter at 7:00 PM March 4<sup>th</sup>, 2019, in Seelye Hall, Room 101, 2 Seelye Drive, Northampton MA 01063. Fernway LLC intends to apply for the following Adult-use Marijuana Establishment license: Marijuana Product Manufacturer at 178 Industrial Drive, Northampton MA 01060.

Information presented at the community outreach hearing will include, but will not be limited to:

- 1) The type of Adult-use Marijuana Establishment to be located on the premises;
- 2) Plans for maintaining a secure facility
- 3) Plans to prevent diversion to minors
- 4) Plans to positively impact the community
- 5) Plans to ensure the location will not constitute a nuisance to the community

The meeting will conclude with a Question and Answer session. Community members are encouraged to ask questions about Fernway LLC.

Pursuant to 935 CMR 500.101(1)(a)(9), a notice for this meeting has been published in a local newspaper at least seven (7) calendar days prior to the meeting. A copy of this Notice was mailed at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, owners of land directly opposite on any public or private street or way, and to the abutters 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. This notice has been filed with the Planning Board and the Office of the Mayor under separate cover.

A handwritten signature in black ink, appearing to read "Kit Gallant", is written over a horizontal line.

Christopher (Kit) Gallant  
Co-Founder and CEO  
Fernway LLC



Christopher Gallant &lt;kit.gallant@gmail.com&gt;

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**Notice of Community Outreach Meeting**

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**Christopher (Kit) Gallant** <kit@gofernway.com>  
To: cmisch@northamptonma.gov

Wed, Feb 20, 2019 at 2:56 PM

Hi Carolyn,

I hope this message finds you well. I'm writing on behalf of Fernway, a cannabis product manufacturing company, to give notice to the Northampton Planning Board of our Community Outreach Meeting. My team and I met with you back in December regarding the property we were considering, located at 178 Industrial Drive. We recently signed a lease on that location and are hosting our Community Outreach Meeting on March 4, from 7-8pm in Seelye Hall, on the campus of Smith College. Per regulations, we need to notify the Planning Board of the meeting (we have already sent official notices to the Mayor's office and the City Clerk) at least 7 days prior to the meeting. I spoke with Annie Lesko last week, and she suggested I email the Planning Board notice to you. I've attached the notice to this message, but if there's another way I should go about giving notice to the Planning Board, please let me know.

Many Thanks,  
Kit

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Christopher (Kit) Gallant  
Fernway Fine Cannabis Products  
Co-Founder / CEO  
203-824-3541

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 **Fernway Public Notice - Planning Board.pdf**  
78K



**\*ATTACHMENT B\***

**Planning Board  
c/o Carolyn Misch  
City Hall  
210 Main St. Room 4  
Northampton, MA 01060**

**RE: NOTICE OF COMMUNITY OUTREACH MEETING REGARDING ADULT-USE MARIJUANA ESTABLISHMENT**

Notice is hereby given that Fernway LLC of 178 Industrial Drive, Northampton MA will conduct a Community Outreach Meeting on the following matter at 7:00 PM March 4<sup>th</sup>, 2019, in Seelye Hall, Room 101, 2 Seelye Drive, Northampton MA 01063. Fernway LLC intends to apply for the following Adult-use Marijuana Establishment license: Marijuana Product Manufacturer at 178 Industrial Drive, Northampton MA 01060.

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- 4) Plans to positively impact the community
- 5) Plans to ensure the location will not constitute a nuisance to the community

The meeting will conclude with a Question and Answer session. Community members are encouraged to ask questions about Fernway LLC.

Pursuant to 935 CMR 500.101(1)(a)(9), a notice for this meeting has been published in a local newspaper at least seven (7) calendar days prior to the meeting. A copy of this Notice was mailed at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, owners of land directly opposite on any public or private street or way, and to the abutters 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. This notice has been filed with the Office of the Mayor of Northampton and the Office of the City Clerk under separate cover.

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Christopher (Kit) Gallant  
Co-Founder and CEO  
Fernway LLC



Christopher Gallant <kit.gallant@gmail.com>

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## Notice of Community Outreach Meeting

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**Christopher (Kit) Gallant** <kit@gofernway.com>  
To: alesko@northamptonma.gov

Fri, Feb 15, 2019 at 3:08 PM

Hi Annie,

Per our conversation earlier today, please see the attached notice of Fernway's community outreach meeting, to be held on Monday, March 4, 2019. This notice is being provided to the Mayor's Office to notify the contracting authority of the municipality of Fernway's community outreach meeting, pursuant to 935 CMR 500.101(1)(a)(9). Please let us know if you require any additional information.

Best,  
Kit

--

Christopher (Kit) Gallant  
Fernway LLC  
Co-Founder / CEO  
203-824-3541



**Fernway Public Notice - Mayor's Office.pdf**  
78K





**\*ATTACHMENT B\***

Office of the Mayor  
c/o Annie Lesko  
City Hall  
210 Main St. Room 12  
Northampton, MA 01060

**RE: NOTICE OF COMMUNITY OUTREACH MEETING REGARDING ADULT-USE MARIJUANA ESTABLISHMENT**

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- 3) Plans to prevent diversion to minors
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- 5) Plans to ensure the location will not constitute a nuisance to the community

The meeting will conclude with a Question and Answer session. Community members are encouraged to ask questions about Fernway LLC.

Pursuant to 935 CMR 500.101(1)(a)(9), a notice for this meeting has been published in a local newspaper at least seven (7) calendar days prior to the meeting. A copy of this Notice was mailed at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, owners of land directly opposite on any public or private street or way, and to the abutters 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. This notice has been filed with the Office of the City Clerk of Northampton and the Planning Board under separate cover.

---

Christopher (Kit) Gallant  
Co-Founder and CEO  
Fernway LLC



FEBRUARY 19, 2019

**RE: NOTICE OF COMMUNITY OUTREACH MEETING REGARDING ADULT-USE MARIJUANA ESTABLISHMENT**

Notice is hereby given that Fernway LLC of 178 Industrial Drive, Northampton MA will conduct a Community Outreach Meeting on the following matter at 7:00 PM March 4<sup>th</sup>, 2019, in Seelye Hall, Room 101, 2 Seelye Drive, Northampton MA 01063. Fernway LLC intends to apply for the following Adult-use Marijuana Establishment license: Marijuana Product Manufacturer at 178 Industrial Drive, Northampton MA 01060.

You are receiving this notice because the city of Northampton has attested you are owner of record for a parcel, located at 155 INDUSTRIAL DR, that is abutting or within 300 feet of the property line of 178 Industrial Drive. Information presented at the community outreach hearing will include, but will not be limited to:

- 1) The type of Adult-use Marijuana Establishment to be located on the premises;
- 2) Plans for maintaining a secure facility
- 3) Plans to prevent diversion to minors
- 4) Plans to positively impact the community
- 5) Plans to ensure the location will not constitute a nuisance to the community

The meeting will conclude with a Question and Answer session. Community members are encouraged to ask questions about Fernway LLC.

Pursuant to 935 CMR 500.101(1)(a)(9), a copy of this notice has been published in a local newspaper at least seven (7) calendar days prior to the meeting, and is on file with the City Clerk and the Planning Board office, both located at the Northampton City Hall, 210 Main St, Northampton, MA 01060. A copy of this Notice was mailed at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, owners of land directly opposite on any public or private street or way, and to the abutters 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 handwritten signature in black ink, appearing to read "Kit Gallant", is written over a horizontal line.

Christopher (Kit) Gallant  
Co-Founder and CEO  
Fernway LLC

**Fernway LLC**  
**PLAN TO REMAIN COMPLIANT WITH LOCAL ZONING LAWS**

Fernway LLC (“Fernway”) is in compliance with and will remain in compliance with all local zoning laws. Fernway fully understands that it is required to remain in compliance with all local rules, regulations, ordinances, and bylaws, per 935 CMR 500.170(1). Furthermore, pursuant to 935 CMR 500.170(2), Fernway understands that nothing contained in 935 CMR 500.00 should be interpreted to prohibit lawful local oversight and regulations, including fee requirements. Fernway will construct its facility in accordance with all applicable state and local laws, regulations, permits or licenses in accordance with 935 CMR 500.103(1)(c).

Fernway will stay in close contact with local and state officials in order to remain up to date on local zoning laws and in order to learn of any changes that may arise to local zoning laws. The CEO and CMO of Fernway will be responsible for keeping track of any changes in local zoning ordinances and will carefully monitor changes to local zoning ordinances and other relevant municipal ordinances by taking the following actions:

- Liaise with local government officials, including the Mayor of Northampton, the Northampton City Council, the Northampton City Planner, the Northampton Planning Board, the Northampton Building Department, the Northampton Fire Department, and the Northampton Police Department.
- Attend public meetings of the Northampton City Council and the Northampton Planning Board
- Identify proposed changes to local zoning laws that may impact Fernway, determine any actions necessary to comply with such proposed changes if adopted, and, if such changes are adopted, take the necessary steps to bring Fernway into compliance with them.
- Review local periodicals, including *The Hampshire Gazette*, on a regular basis for discussion of any proposed changes to local zoning laws.

In accordance with 935 CMR 500.101(1)(a)(10), Fernway has reviewed local zoning laws (Northampton Municipal Code of Ordinances, (§ 350-1 – § 350-20.19 and Northampton Municipal Code of Ordinances § TZA-1) and determined that, beyond the City of Northampton’s process for entering into a Host Community Agreement, there are no local licensing requirements for the adult use of Marijuana. This determination was confirmed by the office of the Mayor of Northampton and the Northampton City Planner during in-person meetings with Fernway at Northampton City Hall on December 17, 2018. The City of Northampton requires that applicants for a Host Community Agreement conduct their Community Outreach Meeting prior to entering into a Host Community Agreement. To satisfy this requirement, Fernway conducted its Community Outreach Meeting, in full compliance with 935 CMR 500.101(1)(a)(9), on March 4, 2019. Fernway secured its Host Community Agreement with the City of Northampton on March 19, 2019.

Fernway will not install any signage, including any neon or otherwise illuminated signage, unless such signage is in compliance with local laws, in accordance with 935 CMR 500.105(4)(b)(9).

Fernway's waste disposal plan shall be implemented in consultation with the City of Northampton to ensure that both in its planning and execution, Fernway's waste disposal plan will comply with all applicable state and local statutes, ordinances, and regulations, in accordance with 935 CMR 500.105(12)(a).

### **Buffer Zone**

The town of Northampton has adopted a 200-foot buffer zone between all Marijuana Establishments and any existing public or private schools providing education in kindergarten or grades 1-12, pursuant to 935 CMR 500.110(3). Fernway's manufacturing facility is located at 178 Industrial Drive, Northampton MA 01060. There are no existing public or private schools providing education in kindergarten or grades 1-12 within 200 feet of 178 Industrial Drive.

**Fernway LLC**  
**PLAN TO POSITIVELY IMPACT AREAS OF DISPROPORTIONATE IMPACT**

In accordance with 935 CMR 500.101(1)(a)(11), and in full compliance with all requirements detailed in the CCC’s “Revised Guidance on Disproportionate Impact and Diversity Plans” (Feb. 25, 2019), Fernway LLC (“Fernway” or the “Company”) submits this plan to positively impact areas of disproportionate impact as designated by the Commission (“Positive Impact Plan”). In adopting this Plan, Fernway acknowledges and is aware of, and will adhere to, the requirements set forth in 935 CMR 500.105(4) regarding permitted and prohibited advertising, branding, marketing and sponsorship practices of every Marijuana Establishment. Any actions taken, or programs instituted, will not violate the Commission’s regulations with respect to limitations on ownership or control or other applicable state laws.

**Positive Impact Hiring Program**

**1. Goals**

The goal of Fernway’s Positive Impact Hiring Program is to reduce the systemic barriers to entry in the adult-use marijuana industry for past and current residents of the nearby municipalities of Amherst, Holyoke, and West Springfield, as well as certain census tracts in Springfield (the “areas of disproportionate impact”), all of which have been designated by the Commission as having been disproportionately impacted by drug prohibition.<sup>1</sup>

**2. Programs**

In an effort to reduce the barriers to entry in the adult-use marijuana industry for residents of the areas of disproportionate impact, Fernway will give hiring preferences to past and current residents of these areas through targeted recruitment and a paid internship program, the details of which are discussed below. Fernway will establish and implement recruitment programs targeted to members of these communities. Specifically, Fernway will advertise job openings, when they arise in the normal course of business, in local media outlets, including *The Republican*, *The Amherst Bulletin*, *The Hampshire Gazette*, higher educational institutions, job boards and bulletins offered by neighborhood associations, community centers, public libraries, and places of worship which serve the identified areas of disproportionate impact. Fernway will hold at least one annual job fair (planned for February) and at least two annual professional training events (planned for March and September) concerning, but not limited to, resume writing and interviewing and networking in the marijuana industry. Fernway will promote and hold these events in the above-listed areas of disproportionate impact.<sup>2</sup>

**3. Paid Internship Program**

Because the adult-use marijuana product manufacturing sector is a significant growth industry, Fernway will establish and implement a paid internship program to provide professional marijuana experience and connections to new entrants to the labor market, as well as to those seeking to transition careers. The program will provide semester-long internships twice a year (January – May; August – December), and at least one intern will be hired per semester. Interns will receive an hourly wage equal to that of other entry-level positions in the company, class credit when available, commuter benefits as required, and any financial and administrative assistance required for the Marijuana Establishment Agent registration process. Interns will

<sup>1</sup> <https://mass-cannabis-control.com/wp-content/uploads/2018/04/FINAL-DRAFT-Areas-of-Disproportionate-Impact-1.pdf>

<sup>2</sup> Please note that these events will not be the same events mentioned in the Fernway Diversity Plan and are separate and distinct programs.

follow a custom training program before beginning their job duties, designed to provide general knowledge of Fernway's manufacturing operations and the Massachusetts adult-use marijuana industry. The initial time commitment will be twenty (20) hours/week, with flexibility available depending on the intern's professional, academic and personal obligations. Fernway will focus its recruiting efforts on advertising for internship applicants in the above-listed municipalities, and will give preference to applicants who are current or former residents of any area of disproportionate impact. Fernway will ensure that its recruiting efforts and advertising of the internship program target only individuals who are aged twenty-one (21) or older.

Interns will be paired with a mentor for specialized on-the-job training and supervision, and interns will work with their mentor to develop a project to be completed by the end of the program. This project will be designed to develop the intern's education and experience in a core aspect of Fernway's operation such as logistics, product formulation, or marketing. Interns will create a proposal, work closely with their mentor to shape the project timeline and keep to it, and eventually present a final product, such as a written study, digital content, or a proposal for a new company initiative. As with all employees, Fernway will prioritize promotion from within, and will strive to offer interns a permanent position upon successful conclusion of their internship. Any intern who prefers to seek full-time employment elsewhere after the conclusion of their internship will be offered resume and cover letter training by their manager, and will be encouraged to draw on Fernway's network of business partners to secure their next position in the marijuana industry.

#### **4. Measurements**

The success of Fernway's targeted recruitment efforts will be measured primarily by hiring managers keeping track of the number of employees from the identified areas of disproportionate impact hired, retained, or promoted by Fernway. Fernway's goal is for a minimum of 25% of employees to reside in or have previously resided in areas of disproportionate impact by the end of its first year of operations. Hiring managers will also track the number of applicants residing in (or having previously resided in) the areas of disproportionate impact, and provide this data in the form of a report to Fernway's leadership team for use in evaluating the ongoing success of the program. In addition, Fernway's Chief Marketing Officer will track the number of recruiting events, and track whether attendees are current or former residents of the identified areas of disproportionate impact through the use of sign-in sheets and questionnaires at the event. Fernway's goal is to hold at least two recruiting events in the first year of licensure, and for 50% of attendees to reside in or have previously resided in areas of disproportionate impact.

Regarding Fernway's paid internship program, intern managers will track applicants from the identified areas of disproportionate impact and report this information to the Human Resources Manager prior to opening the next internship application window, so as to ensure that residents of these areas of disproportionate impact are being reached and prioritized. Intern managers will track the percentage of Fernway's total workforce that consists of former interns, as well as the percentage of former interns permanently employed by other adult-use marijuana businesses, to ensure the internship program is achieving the company's positive impact goals.

The metrics described above will be documented and presented to the Commission one year after receiving a provisional license and each year thereafter upon renewal.

#### **Support for Positive Impact Non-Profits**

##### **1. Goal**

Fernway will also seek to benefit the identified areas of disproportionate impact by supporting local nonprofits with missions of improving these communities via direct monetary donations.

## **2. Program**

In order to further this goal, Fernway has identified several nonprofits in nearby areas of disproportionate impact with missions to improve the identified areas of disproportionate impact. The Company intends to sponsor and support these nonprofits through monetary donations.<sup>3</sup> These organizations include:

- ROCA in Springfield, which works to disrupt the cycle of incarceration and poverty for at-risk youth through outreach, programming and collaboration with community partners
- Clinical & Support Options in Springfield, which offers services for homeless including case management, substance abuse and mental health counseling
- Pa'lante Restorative Justice Program in Holyoke, which works to build youth power, center student voice and organize for school discipline and educational policies and practices that actively dismantle the school to prison pipeline in Holyoke and beyond

## **3. Measurements**

Fernway's Chief Financial Officer will track annual monetary donations to these qualifying nonprofits. Fernway's initial goals for its first year of licensure will be for the company to donate \$5,000 to each of the above listed organizations. These metrics will be documented and presented to the Commission one year after receiving a provisional license and each year thereafter upon renewal, and Fernway's plan is to always match or exceed the previous year's level of commitment.

<sup>3</sup> Per the Revised Guidance on Disproportionate Impact and Diversity Plans, Fernway has obtained written correspondence certifying that these non-profits/charities will accept a donation (attached hereto as Exhibit A).

**FERNWAY LLC PLAN TO POSITIVELY IMPACT AREAS OF  
DISPROPORTIONATE IMPACT: EXHIBIT A**





Liam O'Brien &lt;liam@fernway.com&gt;

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**Corporate donation question**

3 messages

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**Liam O'Brien** <liam@gofernway.com>  
To: Yotam Zeira@rocainc.com

Wed, May 1, 2019 at 5:58 PM

My company Fernway LLC is applying for an adult-use cannabis license (specifically, a non-retail product manufacturing license) to operate in Northampton, and we are about to submit our license application to the state for review. As part of our application we are including a plan for positive impact, which details our plans to provide volunteer time and financial donations to specific nonprofits that are working to improve areas of MA that have been deemed as disproportionately impacted by the drug war.

We would like to support Roca's reentry programs and other work it's doing in Springfield, and before we include our plan to do so in our application I would like to confirm that you would accept a future monetary donation from us. Please don't hesitate to email or call me with any questions you have.

—

Liam O'Brien  
CMO / Co-Founder  
203-376-5899  
[liam@gofernway.com](mailto:liam@gofernway.com)

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**Yotam Zeira** <Yotam\_Zeira@rocainc.com>  
To: Liam O'Brien <liam@gofernway.com>

Fri, May 3, 2019 at 9:46 AM

Hi Liam,

Thank you for considering us. Yes, we would be happy to receive a donation from you, and I confirm that we are a 501(c)(3) organization.

Please let me know if there's anything else you need from us.

All the best,

Yotam

**Yotam Zeira**



Liam O'Brien &lt;liam@fernway.com&gt;

## Corporate donation question

10 messages

Liam O'Brien <liam@gofernway.com>  
To: INFO@csoinc.org

Wed, May 1, 2019 at 5:58 PM

Hello,

My company Fernway LLC is applying for an adult-use cannabis license (specifically, a non-retail product manufacturing license) to operate in Northampton, and we are about to submit our license application to the state for review. As part of our application we are including a plan for positive impact, which details our plans to provide volunteer time and financial donations to specific nonprofits that are working to improve areas of MA that have been deemed as disproportionately impacted by the drug war.

We would like to support CSO's work providing homeless and housing services in Springfield, and before we include this plan in our application I would like to confirm that you would accept a future monetary donation from us. I'd also appreciate if you could clarify whether such a donation is able to be directed toward a specific program. Please don't hesitate to email or call me with any questions you have.

—

Liam O'Brien  
CMO / Co-Founder  
203-376-5899  
[liam@gofernway.com](mailto:liam@gofernway.com)

Liam O'Brien <liam@gofernway.com>  
To: STanner@csoinc.org

Fri, May 3, 2019 at 2:06 PM

Hi Sarah - I left a voicemail with you just now, but figured you might want my email as well. Just following up on the below, and I'd appreciate an answer at your earliest convenience. Please let me know if you have any questions at all - and I'm happy to get on the phone anytime before 3 and after 4:30 today to discuss further. Thanks!

[Quoted text hidden]

Liam O'Brien <liam@gofernway.com>  
To: STanner@csoinc.org

Fri, May 3, 2019 at 2:11 PM

Hi Sarah - I left a voicemail with you just now, but figured you might want my email as well. Just following up on the below - I'd appreciate an answer at your earliest convenience, and please let me know if you have any questions at all. I'm happy to get on the phone anytime before 3 and after 4:30 today to discuss further, or sometime early next week. Thanks!

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

From: Liam O'Brien <liam@gofernway.com>  
Date: Wed, May 1, 2019 at 5:58 PM  
Subject: Corporate donation question  
To: <INFO@csoinc.org>

[Quoted text hidden]

[Quoted text hidden]

Sarah Tanner <Sarah.Tanner@csoinc.org>  
To: Liam O'Brien <liam@gofernway.com>

Fri, May 3, 2019 at 3:39 PM

Let's talk on Monday...but to answer your question, yes, we would accept a donation to support our homeless services from your organization.  
Thanks,



Liam O'Brien &lt;liam@fernway.com&gt;

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**Corporate donation question**

15 messages

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**Liam O'Brien** <liam@gofernway.com>  
To: info@palanteholyoke.org

Wed, May 1, 2019 at 5:58 PM

My company Fernway LLC is applying for an adult-use cannabis license (specifically, a non-retail product manufacturing license) to operate in Northampton, and we are about to submit our license application to the state for review. As part of our application we are including a plan for positive impact, which details our plans to provide volunteer time and financial donations to specific nonprofits that are working to improve areas of MA that have been deemed as disproportionately impacted by the drug war.

We would like to support Pa'lante's restorative justice work in Holyoke, and before we include our plan to do so in our application I would like to confirm that you would accept a future monetary donation from us. Please don't hesitate to email or call me with any questions you have.

--

Liam O'Brien  
CMO / Co-Founder  
203-376-5899  
[liam@gofernway.com](mailto:liam@gofernway.com)

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**Luke Woodward** <lwoodward@hps.holyoke.ma.us>  
To: Liam O'Brien <liam@gofernway.com>

Wed, May 1, 2019 at 8:21 PM

Hi there,  
Thanks so much for reaching out. My initial response is YES definitely! But I will also follow up to make sure we are able to do so and get back to you ASAP.  
Thanks again,  
Luke

[Quoted text hidden]

--

Luke Woodward  
Pa'lante Restorative Justice Program Director  
Holyoke High School  
Tel. 413-534-2020 x 1192  
[www.palanteholyoke.org](http://www.palanteholyoke.org)

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**Liam O'Brien** <liam@gofernway.com>  
To: Luke Woodward <lwoodward@hps.holyoke.ma.us>

Thu, May 2, 2019 at 9:45 AM

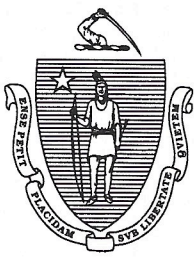
Thanks Luke, much appreciated. I'll stay tuned.  
[Quoted text hidden]

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**Luke Woodward** <lwoodward@hps.holyoke.ma.us>  
To: Liam O'Brien <liam@gofernway.com>

Thu, May 16, 2019 at 6:15 AM

Hi Liam  
Sorry for the delay. I first got a "no" and then did a little advocacy and got a "yes". Let me know if you need any info from us. Thank you for reaching out.  
Luke  
[Quoted text hidden]



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

William Francis Galvin  
Secretary of the  
Commonwealth

May 1, 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

**FERNWAY LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **September 28, 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:  
**CHRISTOPHER GALLANT, DAVID VAN VLIERBERGEN, KEVIN WU, LIAM O'BRIEN**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **CHRISTOPHER GALLANT, DAVID VAN VLIERBERGEN, KEVIN WU, LIAM O'BRIEN**

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **CHRISTOPHER GALLANT**

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



**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:** 001348210

**1. The exact name of the limited liability company is:** FERNWAY LLC

**2a. Location of its principal office:**

No. and Street: 17 E. MILTON RD., APT. 1  
 City or Town: BROOKLINE State: MA Zip: 02445 Country: USA

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

No. and Street: 17 E. MILTON RD., APT. 1  
 City or Town: BROOKLINE State: MA Zip: 02445 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:**

BOTANICAL PRODUCT MANUFACTURING USING CO2 EXTRACTION

**4. The latest date of dissolution, if specified:**

**5. Name and address of the Resident Agent:**

Name: UNITED STATES CORPORATION AGENTS, INC.  
 No. and Street: 101 BILLERICA AVE., BLDG. 5, SUITE 204  
 City or Town: NORTH BILLERICA State: MA Zip: 01862 Country: USA

**I, UNITED STATES CORPORATION AGENTS, INC. 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<br>First, Middle, Last, Suffix | Address (no PO Box)<br>Address, City or Town, State, Zip Code |
|-------|--|---|
|       |  |   |

**7. The name and business address of the person(s) in addition to the manager(s), authorized to execute documents to be filed with the Corporations Division, and at least one person shall be named if there are no managers.**

| Title         | Individual Name<br>First, Middle, Last, Suffix | Address (no PO Box)<br>Address, City or Town, State, Zip Code |
|---------------|--|---|
| SOC SIGNATORY | CHRISTOPHER GALLANT                            | 17 E. MILTON RD., APT. 1<br>BROOKLINE, MA 02445 USA           |

SOC SIGNATORY

LIAM O'BRIEN

17 E. MILTON RD., APT. 1  
BROOKLINE, MA 02445 USA

**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><br>First, Middle, Last, Suffix | <b>Address</b> (no PO Box)<br>Address, City or Town, State, Zip Code |
|---------------|---|--|
| REAL PROPERTY | LIAM O'BRIEN  | 17 E. MILTON RD., APT. 1<br>BROOKLINE, MA 02445 USA                  |
| REAL PROPERTY | CHRISTOPHER GALLANT                                   | 17 E. MILTON RD., APT. 1<br>BROOKLINE, MA 02445 USA                  |

**9. Additional matters:**

**SIGNED UNDER THE PENALTIES OF PERJURY, this 28 Day of September, 2018,**  
**LEGALZOOM.COM, INC., A CALIFORNIA CORPORATION, CHEYENNE MOSELEY, ASSISTANT**  
**SECRETARY**

*(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:

September 28, 2018 09:25 AM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive style with a large, stylized 'G' at the end.

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*





**The Commonwealth of Massachusetts**  
**William Francis Galvin**

Minimum Fee: \$100.00

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

**Certificate of Amendment**

(General Laws, Chapter )

Identification Number: 001348210

The date of filing of the original certificate of organization: 9/28/2018

1.a. Exact name of the limited liability company: FERNWAY LLC

1.b. The exact name of the limited liability company *as amended*, is: FERNWAY LLC

**2a. Location of its principal office:**

No. and Street: 178 INDUSTRIAL DRIVE

City or Town: NORTHAMPTON

State: MA

Zip: 01060

Country: USA

3. *As amended*, the general character of business, and if the limited liability company is organized to render professional service, the service to be rendered:  
BOTANICAL PRODUCT MANUFACTURING

**4. The latest date of dissolution, if specified:**

**5. Name and address of the Resident Agent:**

Name: UNITED STATES CORPORATION AGENTS, INC.

No. and Street: 101 BILLERICA AVE., BLDG. 5, SUITE 204

City or Town: NORTH BILLERICA

State: MA

Zip: 01862

Country: USA

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

| Title   | Individual Name<br>First, Middle, Last, Suffix | Address (no PO Box)<br>Address, City or Town, State, Zip Code |
|---------|--|---|
| MANAGER | CHRISTOPHER GALLANT                            | 178 INDUSTRIAL DRIVE<br>NORTHAMPTON, MA 01060 USA             |
| MANAGER | DAVID VAN VLIERBERGEN                          | 178 INDUSTRIAL DRIVE<br>NORTHAMPTON, MA 01060 USA             |
| MANAGER | KEVIN WU                                       | 178 INDUSTRIAL DRIVE<br>NORTHAMPTON, MA 01060 USA             |
| MANAGER | LIAM O'BRIEN                                   | 178 INDUSTRIAL DRIVE<br>NORTHAMPTON, MA 01060 USA             |

7. The name and business address of the person(s) in addition to the manager(s), authorized to execute documents to be filed with the Corporations Division, and at least one person shall be named if there are no managers.

| Title | Individual Name<br>First, Middle, Last, Suffix | Address (no PO Box)<br>Address, City or Town, State, Zip Code |
|-------|--|---|
|-------|--|---|



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:

| Title         | Individual Name<br>First, Middle, Last, Suffix | Address (no PO Box)<br>Address, City or Town, State, Zip Code |
|---------------|--|---|
| REAL PROPERTY | CHRISTOPHER GALLANT                            | 178 INDUSTRIAL DRIVE<br>NORTHAMPTON, MA 01060 USA             |

9. Additional matters:

10. State the amendments to the certificate:

(1) CHANGE OF ADDRESS TO 178 INDUSTRIAL DRIVE NORTHAMPTON MA 01060; (2) APPOINTMENT OF DAVID VAN VLIERBERGEN AND KEVIN WU AS MANAGERS; (3) CHANGED GENERAL CHARACTER OF THE BUSINESS FROM "BOTANICAL PRODUCT MANUFACTURING USING CO2 EXTRACTION" TO "BOTANICAL PRODUCT MANUFACTURING"

11. The amendment certificate shall be effective when filed unless a later effective date is specified:  
4/30/2019

**SIGNED UNDER THE PENALTIES OF PERJURY, this 29 Day of April, 2019,**  
**CHRISTOPHER GALLANT , Signature of Authorized Signatory.**

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 29, 2019 04:31 PM

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

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*



Commonwealth of Massachusetts  
Department of Revenue  
Christopher C. Harding, Commissioner

mass.gov/dor

Letter ID: L0641334656  
Notice Date: April 16, 2019  
Case ID: 0-000-471-514



## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



FERNWAY LLC  
178 INDUSTRIAL DR  
NORTHAMPTON MA 01060-2327

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

The Commissioner of Revenue certifies that, as of the date of this certificate, FERNWAY 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) 887-6400 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

**Fernway LLC**  
**EXPLANATION FOR NON-SUBMITTAL OF**  
**ARTICLES OF ORGANIZATION AND BYLAWS**

The applicant, Fernway LLC, is a limited liability company organized under Massachusetts law. In Massachusetts, limited liability companies, such as Fernway LLC, do not create Articles of Organization or Bylaws; only corporations do. Limited liability companies are governed by their Operating Agreements, not Articles of Organization and Bylaws, which are the foundational documents for companies organized as corporations. Fernway LLC's Operating Agreement was originally submitted with Fernway LLC's Management and Operations Profile Packet on May 22, 2019, and was resubmitted with this explanation attached on November 21, 2019.

**“THE MEMBERSHIP INTERESTS REFERRED TO IN THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT ARE SUBJECT TO THE PROVISIONS OF SUCH AGREEMENT. NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS REFERRED TO IN THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH AGREEMENT.”**

**“THE MEMBERSHIP INTERESTS REFERRED TO IN THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER.”**

## **OPERATING AGREEMENT**

**OF**

**FERNWAY LLC**

(A Massachusetts Limited Liability Company)

This Operating Agreement of Fernway LLC (the “Company”), dated as of April 24, 2019 (the “Effective Date”) has been adopted by the Members of the Company. This Agreement, as it may be amended from time to time, shall be binding on any person who at the time is a Member, regardless of whether or not the person has executed this Agreement or any amendment hereto.

## **RECITALS**

WHEREAS, the Company was formed under the laws of the State of Massachusetts by the filing of a Certificate of Organization with the Secretary of State of Massachusetts (the “Secretary of State”) on September 28, 2018 (the “Certificate of Organization”); and

WHEREAS, the Members wish to enter into this Agreement setting forth the terms and conditions governing the operation and management of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## **ARTICLE I DEFINITIONS**

**1.01. Definitions.** In addition to the terms defined in other provisions of this Agreement, the following terms shall have the meanings set forth below unless the context requires otherwise:

“Act.” The Massachusetts Limited Liability Company Act, Title XXII, Chapter 156C, §§1, *et seq.*, as amended from time to time.

“Affiliate.” Means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control,” when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms “controlling” and “controlled” shall have correlative meanings.

“Agreement.” This Operating Agreement, as amended, modified, supplemented, or restated from time to time.

“Applicable Law.” All applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations, declarations or orders of any Governmental Authority, including, without limitation, the Cannabis Regulations; (b) any consents or approvals of any Governmental Authority, including, without limitation, the Massachusetts Cannabis Control Commission; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority.

“Board.” Has the meaning set forth in Section 7.01.

“Book Value” of an asset means, as of any particular date, the value at which the asset is properly reflected on the books and records of the Company as of such date in accordance with Section 1.704-1(b)(2)(iv) of the Treasury Regulations.

“Business.” Has the meaning set forth in Section 2.05.

“Business Day.” A day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to close.

“Cannabis Regulations.” Massachusetts Cannabis Control Commission’s Adult Use Regulations, 935 CMR §§500.000, *et seq.*, as amended from time to time.

“Capital Account.” The individual account maintained by the Company with respect to each Member as provided in Section 4.03.

“Capital Contribution.” The aggregate amount of cash and the agreed value of any property or services (as determined by the Company) contributed by each Member to the Company as provided in Section 4.01.

“Cause.” Means any of the following:

(a) repeated failure to perform substantially the duties as a Manager, employee, consultant or other associate of the Company (other than any such failure resulting from his disability) which failure, whether committed willfully or negligently, has continued unremedied for more than thirty (30) days after the Company has provided written notice thereof;

(c) breach of any Company Code of Conduct or, to the extent not covered therein, any act of fraud, harassment, material misrepresentation, misappropriation, dishonesty, embezzlement or similar conduct in any way involving the Company's business;

(d) gross negligence, willful misconduct, breach of trust or breach of fiduciary duty owed to the Company, its customers or clients, or Members;

(d) willful misconduct or gross negligence which is injurious to the Company;

(e) any conviction of, or the entering of a plea of guilty or nolo contendere to, a crime that constitutes a felony (or any state-law equivalent) or that involves moral turpitude, or any willful or material violation of any federal, state or foreign securities laws;

(f) any conviction of any other criminal act or act of material dishonesty, disloyalty or misconduct that has a material adverse effect on the property, operations, business or reputation of the Company;

(g) the material breach of any covenant undertaken in ARTICLE XII herein, any effective employment agreement or any written non-disclosure, non-competition, or non-solicitation covenant or agreement with the Company or any of the Company Subsidiaries, subject to any cure period provided therein.

(h) any act that causes, or in the reasonable opinion of the Board threatens to cause, a Loss of License to the Company.

"Change of Control." Means either: (a) the sale of all or substantially all of the consolidated assets of the Company to a third party; (b) a sale resulting in no less than a majority of the Membership Interests owned by the Members on a fully diluted basis being held by a third party; or (c) a merger, consolidation, recapitalization or reorganization of the Company with or into a third party that results in the inability of the Members to exercise control of the Company.

"Code." The Internal Revenue Code of 1986, as amended.

"Company." See the preamble.

"Fair Market Value." The purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm's length transaction, as determined

in good faith by the Board based on such factors as the Board, in the exercise of their reasonable business judgment, considers relevant.

“Fiscal Year.” The calendar year, unless the Company is required to have a taxable year other than the calendar year, in which case Fiscal Year shall be the period that conforms to its taxable year.

“Governmental Authority.” Any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction, including, without limitation, the Massachusetts Cannabis Control Commission.

“Initial Cost.” With respect to any Membership Interest, the purchase price paid to the Company with respect to such Membership Interest by the Member to whom such Membership Interest was originally issued.

“Joinder Agreement.” The joinder agreement in form and substance attached hereto as Exhibit A.

“License.” A Marijuana Product Manufacturer license issued by the Massachusetts Cannabis Control Commission, or any other license, certificate, permit, authorization, consent, or approval required for the Company or any Affiliate lawfully to engage in the Business.

“Liquidation Event” shall mean: (a) the closing of the sale, transfer, or other disposition of all or substantially all of the Company’s assets; (b) a Change of Control; or (c) a liquidation, dissolution or winding up of the Company; provided, however, that a transaction shall not constitute a Liquidation Event if (i) its sole purpose is to change the state of the Company’s formation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s Membership Interests immediately prior to such transaction; or (ii) the Board determines that a transaction shall or shall not constitute a Liquidation Event.

“Member.” (a) each Person identified on the Members Schedule as of the date hereof as a Member who has executed this Agreement or a counterpart thereof; and (b) each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the Act, in each case so long as such Person is shown on the Company’s books and records as the owner of Membership Interests. The Members shall constitute “members” (as that term is defined in the Act) of the Company.

“Membership Interest.” The interest in the Company owned by a Member, including such Member’s right (based on the type and class of Membership Interest held by such Member), as applicable, (a) to a Distributive share of Net Income, Net Losses and other items of income, gain, loss and deduction of the Company; (b) to a Distributive share of the assets of the Company; (c) to vote on, consent to or otherwise participate in any decision of the Members as



provided in this Agreement; and (d) to any and all other benefits to which such Member may be entitled as provided in this Agreement and the Act.

“Net Income” and “Net Loss.” For each Fiscal Year or other period specified in this Agreement, an amount equal to the Company’s taxable income or taxable loss, or particular items thereof, determined in accordance with Code Section 703(a) (where, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or taxable loss), but with the following adjustments:

- (a) any income realized by the Company that is exempt from federal income taxation, as described in Code Section 705(a)(1)(B), shall be added to such taxable income or taxable loss, notwithstanding that such income is not includable in gross income;
- (b) any expenditures of the Company described in Code Section 705(a)(2)(B), including any items treated under Treasury Regulation Section 1.704-1(b)(2)(iv)(i) as items described in Code Section 705(a)(2)(B), shall be subtracted from such taxable income or taxable loss, notwithstanding that such expenditures are not deductible for federal income tax purposes;
- (c) any gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property so disposed, notwithstanding that the adjusted tax basis of such property differs from its Book Value;
- (d) any items of depreciation, amortization and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted tax basis shall be computed by reference to the property’s Book Value (as adjusted for Book Depreciation) in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g);
- (e) if the Book Value of any Company property is adjusted as provided in the definition of Book Value, then the amount of such adjustment shall be treated as an item of gain or loss and included in the computation of such taxable income or taxable loss; and
- (f) to the extent an adjustment to the adjusted tax basis of any Company property pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

“Percentage Interest.” The number of Membership Interests held at a particular time by a Member, divided by the number of Membership Interests then held by all Members holding such Membership Interests, expressed as a percentage.

“Person.” A natural person, corporation, general or limited partnership, limited liability company, joint venture, trust, estate, association, or other legal entity or organization.

“Qualified Public Offering.” The sale, in a firm commitment underwritten public offering led by a nationally recognized underwriting firm pursuant to an effective registration statement under the Securities Act, of Membership Interests (or common stock of the Company or a new IPO entity), following which at least fifty percent (50%) of the total Membership Interests (or common stock of the Company or an IPO Entity) on a fully diluted basis shall have been sold to the public and shall be listed on any national securities exchange.

“Representative.” With respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Securities Act.” The Securities Act of 1933.

“Subsidiary.” With respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

“Supermajority.” With respect to any vote, a Supermajority shall mean the affirmative vote of the Managers or Members, as applicable, holding at least 60% of all the issued and outstanding Membership Interests.

“Transfer.” To directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Membership Interests owned by a Person or any interest (including a beneficial interest) in any Membership Interests owned by a Person. “Transfer” when used as a noun shall have a correlative meaning. “Transferor” and “Transferee” mean a Person who makes or receives a Transfer, respectively.

“Treasury Regulations” or “Treas. Regs.” The income tax regulations, including temporary regulations, promulgated under the Code, as those regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

## **ARTICLE II ORGANIZATION**

**2.01. Formation.** The Company was formed on September 28, 2018 pursuant to the provisions of the Act, upon the filing of the Certificate of Organization with the Secretary of State. This Agreement shall constitute the “operating agreement” (as that term is used in the Act) of the Company. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Act in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

**2.02. Name.** The name of the Company is “Fernway LLC” or such other name or names as may be designated by the Members; *provided*, that the name shall always contain the words “Limited Liability Company” or the abbreviation “L.L.C.” or the designation “LLC.”

**2.03. Principal Place of Business; Other Offices.** The principal place of business of the Company shall be 178 Industrial Drive, Northampton, Massachusetts, 01060, or at such other place as the Board may designate from time to time, which need not be in the State of Massachusetts. The Company may have such other offices as the Members may designate from time to time.

**2.04. Registered Office; Registered Agent.**

(a) The registered office of the Company shall be the office of the initial registered agent named in the Certificate of Organization or such other office (which need not be a place of business of the Company) as the Board may designate from time to time in the manner provided by the Act and Applicable Law.

(b) The registered agent for service of process on the Company in the State of Massachusetts shall be the initial registered agent named in the Certificate of Organization or such other Person or Persons as the Board may designate from time to time in the manner provided by the Act and Applicable Law.

**2.05. Purpose.** The purposes of the Company are to engage in the state-legal business of cannabis manufacturing, including, without limitation, manufacturing-product development and related services pursuant to the Cannabis Regulations, and to engage in any and all activities necessary or incidental thereto (the “Business”). The Company shall have all the powers necessary or convenient to carry out the purposes for which it is formed, including the powers granted by the Act.

**2.06. Limited Liability.** Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Managers and/or Members shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

**2.07. Duration.** The term of the Company commenced on the date the Certificate of Organization was filed with the Secretary of State and shall continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement.

## **ARTICLE III MEMBERS**

**3.01 Initial and Subsequent Members.**

(a) The Company shall maintain a schedule of all Initial and Subsequent Members, their respective mailing addresses and the Membership Interests held by them (the “Members”).

Schedule”) and shall update the Members Schedule upon the issuance or transfer of any Membership Interests to any new or existing Member. A copy of the Members Schedule as of the execution of this Agreement is attached hereto as Schedule A.

(b) New Members may be admitted from time to time (i) in connection with an issuance of Membership Interests by the Company, subject to compliance with the terms of this Agreement and Applicable Law, and (ii) in connection with a Transfer of Membership Interests, subject to compliance with the provisions of ARTICLE VIII. In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or transfer of Membership Interests, such Person shall have executed and delivered to the Company a written undertaking substantially in the form of the Joinder Agreement. Upon the amendment of the Members Schedule by the Company and the satisfaction of any other applicable conditions, including, if a condition, the receipt by the Company of payment for the issuance of the applicable Membership Interests, such Person shall be admitted as a Member and deemed listed as such on the books and records of the Company and thereupon shall be issued his, her or its Membership Interests. The Company shall also adjust the Capital Accounts of the Members as necessary in accordance with Section 4.03.

**3.02 No Personal Liability.** Except as otherwise provided in the Act, by applicable law or expressly in this Agreement, no Member will be obligated personally for any debt, obligation or liability of the Company or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member.

**3.03 No Withdrawal.** Except as provided in ARTICLE VIII, so long as a Member continues to hold any Membership Interests, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Membership Interests, such Person shall no longer be a Member. A Member shall not cease to be a Member as a result of the bankruptcy of such Member or as a result of any other events specified in Section 18-304 of the Act.

**3.04 Death.** The death of any Member shall not cause the dissolution of the Company.

**3.05 Certification of Membership Interests.** The Board may, but shall not be required to, issue certificates representing the Membership Interests held by the Members.

**3.06 Meetings of Members.**

(a) Regular meetings of the Members shall be held on an annual basis at such dates and times as the Board may designate. Special meetings of the Members may be called at any time at the written request of the Board. Meetings of the Members may be held either in person or by telephone or video conference or other communication device that permits all Members participating in the meeting to hear each other.

(a) Written notice of a meeting of the Members, stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given to each

Member by telephone, electronic mail or facsimile no less than thirty (30) days before the date of the meeting, or, if for a special meeting, no less than 48 hours before the date of such special meeting. The Secretary of the Company (or the Board, if there is no Secretary) shall circulate to each Member an agenda for each regular meeting not less than three (3) Business Days in advance of such meeting. In the case of a special meeting, the agenda for such meeting shall include any matters specified by the Board, and shall be provided to each Member at the time such special meeting is called.

(b) Presence at a meeting shall constitute waiver of any deficiency of notice under this Section 3.06(b), except when a Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not called or convened in accordance with this Agreement and does not otherwise attend the meeting.

(c) The decisions and resolutions of the Members shall be recorded in minutes, which shall state the date, time and place of the meeting (or the date of any written consent in lieu of a meeting), the Members present at the meeting, the resolutions put to a vote (or the subject of a written consent) and the results of such voting or written consent. The minutes shall be entered in a minute book kept at the principal office of the Company and a copy of the minutes of each Member meeting shall be provided to each Member.

(d) Each Member may authorize another individual (who may or may not be a Member) to act for such Member by proxy at any meeting of the Members, or to express consent or dissent to a Company action in writing without a meeting. Any such proxy may be granted in writing, by electronic mail, or as otherwise permitted by Applicable Law.

(e) Except as otherwise set forth in this Agreement (including Section 7.06(e)), the affirmative vote of a majority of the Members in attendance at any meeting of the Members, voting by Percentage Interest, shall be required to authorize any action by the Members and shall constitute the action of the Members for all purposes.

(f) Notwithstanding anything herein to the contrary, any action of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by the number of Members necessary to effect Member approval of such action as required by this Agreement. Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Division of Revenue.

(g) Each Member shall serve without compensation in his capacity as such. Each Member shall be entitled to reimbursement from the Company for his or her reasonable and necessary out-of-pocket expenses incurred in the performance of his duties as a Member, pursuant to such policies as may from time to time be established by the Company.

(b) This Agreement does not, and is not intended to, confer upon any Member, any rights with respect to employment by the Company, and nothing herein should be construed to have created any employment agreement or relationship with any Member.

### **3.07 Quorum.**

(a) No business may be conducted at any meeting of the Members unless a quorum is present. A majority of the Members represented by Percentage Interest that are present in person or by proxy shall constitute a quorum for transaction of business at any regular or special meeting of the Members. If less than the required number of Members are present at a duly noticed meeting, a majority of the Members present at said meeting may adjourn the meeting to a time not less than forty-eight (48) hours after the time for which the adjourned meeting was called; provided, however, that no business may be conducted at such reconvened meeting unless at least forty-eight (48) hours' notice of the reconvened meeting has been given to each Member who was absent from the adjourned meeting.

(b) If the quorum represents between 51%-74% of the Members represented by Percentage Interest, the affirmative vote of 75% of the Members present at such a meeting shall constitute an act of the Members, voting by Percentage Interest.

(c) If the quorum represents between 75%-99% of the Members represented by Percentage Interest, the affirmative vote of 60% of the Members present at such a meeting shall constitute an act of the Members, voting by Percentage Interest.

#### **ARTICLE IV CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS**

**4.01 Initial Capital Contributions.** The Members, their initial Capital Contributions, and Membership Interests are set forth on the Members Schedule at Schedule A hereto. The Company shall maintain and update the Members Schedule upon the issuance or transfer of any Membership Interests to any new or existing Member in accordance with this Agreement.

**4.02 Additional Capital Contributions.**

(a) No Member shall be required to make any additional Capital Contributions to the Company.

(b) In the event additional capital is needed, the Board shall decide the mechanism by which to raise such additional capital, which may be in the form of: (i) loans from Members; (ii) loans (or convertible debt) from third parties; (iii) a new issuance; and/or (iii) a capital call.

(c) Subject to Section 7.06(e), in the event that the Board approves a capital call, each Member shall contribute to the capital of the Company his proportionate share of such required additional funds. Each Member's share of such required additional funds shall be in accordance with and *pro rata* in proportion to such Member's Percentage of Membership Interest in the Company. The failure by any Member to make any additional Capital Contribution within fifteen (15) days after demand therefor has been given by the Company shall constitute an event of default by such Member under this Agreement. In case of such a default by a Member, the nondefaulting Members shall each make an additional Capital Contribution to the Company in an amount computed as follows: (i) the proportion that a nondefaulting Member's Percentage of Membership Interest bears to the Percentage of Membership Interest of all nondefaulting

Members, (ii) multiplied by the amount of money that the defaulting Member failed to contribute.

After an event of default and payment by the nondefaulting Members as set forth above, the defaulting Member shall repay to the nondefaulting Members the amounts advanced on such Member's behalf, together with interest thereon at the prevailing interest rate plus three percent (3%). Repayment of such advances shall constitute the personal obligation of the defaulting Member and, if not sooner paid, shall be repaid from the amount of any payment otherwise available to be made to the defaulting Member from any distribution which would otherwise be made to the defaulting Member under the provisions of this Agreement, until all such amounts so advanced, with interest thereon at the rate set forth above, shall have been repaid in full. It is the intention of the Members that the Membership Interest of a defaulting Member shall serve as collateral to the nondefaulting Members for satisfaction by a defaulting Member of his obligations to the nondefaulting Members hereunder, and the nondefaulting Members shall be entitled to bring an action in law or in equity as a creditor of the defaulting Member to collect all amounts to which the nondefaulting Members are entitled hereunder, plus all costs and expenses of maintaining such suit, including, without limitation, reasonable attorney's fees.

**4.03. Maintenance of Capital Accounts.** The Company shall establish and maintain for each Member a separate capital account (a "Capital Account") on its books and records in accordance with this Section 4.03. Each Capital Account shall be established and maintained in accordance with the following provisions:

(a) Each Member's Capital Account shall be increased by the amount of:

(i) such Member's Capital Contributions, including such Member's initial Capital Contribution and any additional Capital Contributions;

(ii) any Net Income or other item of income or gain allocated to such Member pursuant to ARTICLE V; and

(iii) any liabilities of the Company that are assumed by such Member or secured by any property distributed to such Member.

(b) Each Member's Capital Account shall be decreased by:

(i) the cash amount or Book Value of any property distributed to such Member pursuant to ARTICLE VI and Section 8.03;

(ii) the amount of any Net Loss or other item of loss or deduction allocated to such Member pursuant to ARTICLE V; and

(iii) the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

**4.04. Succession Upon Transfer.** In the event that any Membership Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interests and, subject to Section 5.04, shall receive allocations and distributions pursuant to ARTICLE V and ARTICLE VI in respect of such Membership Interests.

**4.05. Negative Capital Accounts.** In the event that any Member shall have a deficit balance in his, her or its Capital Account, such Member shall have no obligation, during the term of the Company or upon dissolution or liquidation thereof, to restore such negative balance or make any Capital Contributions to the Company by reason thereof, except as may be required by Applicable Law or in respect of any negative balance resulting from a withdrawal of capital or dissolution in contravention of this Agreement.

**4.06. No Withdrawal.** No Member shall be entitled to withdraw any part of his, her or its Capital Account or to receive any distribution from the Company, except as provided in this Agreement. No Member shall receive any interest, salary, management or service fees or drawing with respect to its Capital Contributions or its Capital Account, except as otherwise provided in this Agreement. The Capital Accounts are maintained for the sole purpose of allocating items of income, gain, loss and deduction among the Members and shall have no effect on the amount of any distributions to any Members, in liquidation or otherwise.

**4.07. Treatment of Loans From Members.** Loans by any Member to the Company shall not be considered Capital Contributions and shall not affect the maintenance of such Member's Capital Account, other than to the extent provided in Section 4.03(a)(iii), if applicable.

**4.08. Modifications.** The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Section 1.704-1(b) of the Treasury Regulations and shall be interpreted and applied in a manner consistent with such Treasury Regulations. If the Board determines that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases to the Capital Accounts, are computed in order to comply with such Treasury Regulations, the Board may authorize such modifications.

## **ARTICLE V ALLOCATIONS**

**5.01 Allocation of Net Income and Net Loss.** For each Fiscal Year (or portion thereof), after giving effect to the special allocations set forth in Section 5.02, Net Income and Net Loss (and, to the extent necessary, individual items of income, gain, loss or deduction) of the Company shall be allocated among the Members in a manner such that the Capital Account balance of each Member, immediately after making such allocations, is, as nearly as possible, equal to (i) the distributions that would be made to such Member pursuant to Section 10.03(c) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Book Value, all Company liabilities were satisfied (limited with respect to each Nonrecourse Liability to the Book Value of the assets securing such liability), and the net assets of the Company were



distributed, in accordance with Section 10.03(c), to the Members immediately after making such allocations, minus (ii) such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

**5.02. Regulatory and Special Allocations.** Notwithstanding the provisions of Section 5.01:

(a) If there is a net decrease in Company Minimum Gain (determined according to Treasury Regulations Section 1.704-2(d)(1)) during any Fiscal Year, each Member shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.02(a) is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Deductions shall be allocated in the manner required by Treasury Regulations Section 1.704-2(i). Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member that has a share of such Member Minimum Gain shall be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. Items to be allocated pursuant to this paragraph shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 5.02(b) is intended to comply with the "minimum gain chargeback" requirements in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), Net Income shall be specially allocated to such Member in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible. This Section 5.02(c) is intended to comply with the "qualified income offset" requirement in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) The allocations set forth in paragraphs (a), (b) and (c) above (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations under Code Section 704. Notwithstanding any other provisions of this Article V (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Net Income and Net Losses among Members so that, to the extent possible, the net amount of such allocations of Net Income and Net Losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

### **5.03. Tax Allocations.**

(a) Subject to Section 5.03(b) through Section 5.03(e), all income, gains, losses and deductions of the Company shall be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses and deductions among the Members for computing their Capital Accounts, except that if any such allocation for tax purposes is not permitted by the Code or other Applicable Law, the Company's subsequent income, gains, losses and deductions shall be allocated among the Members for tax purposes, to the extent permitted by the Code and other Applicable Law, so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members in accordance with Code Section 704(c) and the traditional method of Treasury Regulations Section 1.704-3(b), so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value.

(c) If the Book Value of any Company asset is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) as provided in clause (c) of the definition of Book Value, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Allocations of tax credit, tax credit recapture and any items related thereto shall be allocated to the Members according to their interests in such items as determined by the Board taking into account the principles of Treasury Regulations Section 1.704-1(b)(4)(ii).

(e) The Company shall make allocations pursuant to this Section 6.03 in accordance with the traditional method in accordance with Treasury Regulations Section 1.704-3(d).

**5.04 Allocations in Respect of Transferred Membership Interests.** In the event of a Transfer of Membership Interests during any Fiscal Year made in compliance with the provisions of ARTICLE VIII, Net Income, Net Losses and other items of income, gain, loss and deduction of the Company attributable to such Membership Interests for such Fiscal Year shall be determined using the interim closing of the books method.

**5.05 Curative Allocations.** In the event that the Partnership Representative determines, after consultation with counsel experienced in income tax matters, that the allocation of any item of Company income, gain, loss or deduction is not specified in this Article V (an "Unallocated Item"), or that the allocation of any item of Company income, gain, loss or deduction hereunder is clearly inconsistent with the Members' economic interests in the Company (determined by reference to the general principles of Treasury Regulations Section 1.704-1(b) and the factors set forth in Treasury Regulations Section 1.704-1(b)(3)(ii)) (a "Misallocated Item"), then the Company may allocate such Unallocated Items, or reallocate such Misallocated Items, to reflect such economic interests; *provided*, that no such allocation will be made without the prior consent of each Member that would be adversely and disproportionately

affected thereby; *and provided*, further, that no such allocation shall have any material effect on the amounts distributable to any Member, including the amounts to be distributed upon the complete liquidation of the Company.

## **ARTICLE VI DISTRIBUTIONS**

### **6.01 General.**

(a) Subject to Section 6.01(b), Section 6.02, and Section 6.03, the Board shall have sole discretion regarding the amounts and timing of distributions to Members, including to decide to forego payment of distributions in order to provide for the retention and establishment of reserves of, or payment to third parties of, such funds as it deems necessary with respect to the reasonable business needs of the Company (which needs may include the payment or the making of provision for the payment when due of the Company's obligations, including, but not limited to, present and anticipated debts and obligations, capital needs and expenses, the payment of any management or administrative fees and expenses, and reasonable reserves for contingencies).

(b) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any distribution to Members if such distribution would violate Applicable Law.

**6.02 Priority of Distributions.** After making all distributions required for a given Fiscal Year under Section 6.03 and subject to the priority of distributions pursuant to Section 10.03(c), if applicable, all distributions determined to be made by the Company pursuant to Section 6.01 shall be made to all Members *pro rata* in proportion to their Percentage Interests in the Company.

### **6.03 Tax Distributions.**

(a) Subject to any restrictions in any of the Company's then applicable debt-financing arrangements, and subject to the Board's decision to retain any other amounts necessary to satisfy the Company's obligations, to the extent that the amount distributed to (or withheld on behalf of) any Members in respect of a Fiscal Year of the Company is less than such Members' Assumed Tax Liability, the Company shall distribute cash equal to such shortfall to such Members, at such times as to permit the Members to timely satisfy estimated tax or other tax payment requirements ("Assumed Tax Liability Distribution"). Each Members' "Assumed Tax Liability" shall equal the expected aggregate federal, state, and local tax liability of such Members attributable to items of income, gain, loss, and deduction allocated to such Members for income tax purposes (excluding allocations under Section 704(c) principles), assuming the highest marginal income tax rates applicable to such Members, taking into account the character of the relevant income or loss to such Members and the deductibility, if any, of any state or local tax in computing any state or federal tax liability.

(b) If, at any time after the Assumed Tax Liability Distribution has been distributed pursuant to Section 6.03(a) with respect to any Fiscal Year, the Assumed Tax Liability

Distribution to any Member with respect to such Fiscal Year is less than such Member's actual tax liability for such Fiscal Year (a "Shortfall Amount"), the Company shall use commercially reasonable efforts to distribute cash in proportion to and to the extent of each Member's Shortfall Amount. The Company shall use commercially reasonable efforts to distribute Shortfall Amounts with respect to a Fiscal Year before the 75<sup>th</sup> day of the next succeeding Fiscal Year; provided, that if the Company has made distributions other than pursuant to this Section 6.03, the Company may apply such distributions to reduce any Shortfall Amount.

(c) If the Assumed Tax Liability Distribution made to any Member pursuant to this Section 6.03 for any Fiscal Year exceed such Member's actual tax liability for such Fiscal Year (an "Excess Amount"), such Excess Amount shall act as an advance pursuant to Section 6.03(d).

(d) Any distributions made pursuant to this Section 6.03 shall be treated for purposes of this Agreement as advances on distributions pursuant to Section 6.02 and shall reduce, dollar-for-dollar, the amount otherwise distributable to such Member pursuant to Section 6.02.

## **ARTICLE VII MANAGEMENT**

**7.01 Establishment of the Board.** A board of managers of the Company (the "Board") is hereby established and shall be comprised of natural Persons (each such Person, a "Manager") who shall be appointed in accordance with the provisions of Section 7.02. The business and affairs of the Company shall be managed, operated, and controlled by or under the direction of the Board, and the Board shall have, and is hereby granted, the full, complete and exclusive power, authority and discretion for, on behalf of and in the name of the Company, to take such actions as it may in its sole discretion deem necessary or advisable to carry out any and all of the objectives and purposes of the Company, subject only to the terms of this Agreement. Except as expressly provided herein or by Applicable Law, no Member, in its capacity as a Member, shall have any power or authority over the business and affairs of the Company or any power or authority to bind the Company.

### **7.02 Board Composition.**

(a) The Company and the Members shall take such actions as may be required to ensure that the number of Managers constituting the Board is initially seven (7). The Board shall at all times be comprised of the Initial Members (as designated on Schedule A), unless and until an Initial Member ceases to be a Member of the Company or resigns or is removed from the Board pursuant to the terms of this Agreement.

(b) The number of Managers constituting the Board may be increased upon a resolution passed by unanimous vote of the Board.

### **7.03 Deadlocks.**

(a) If at a meeting of the Board, the Managers are unable to reach a decision by the required vote regarding an issue submitted for consideration by the Board at such meetings (a

"Deadlock"), the Board shall refer the matter subject to the Deadlock to Christopher (Kit) Gallant, who shall resolve such matter within 24 hours after referral to him of the Deadlocked issue (or, if mutually agreed by Gallant and the Managers, a longer period of time). Any resolution agreed to by Gallant shall be final and binding on the Company and the Managers.

(b) During the continuation of any Deadlock, the Company shall continue to operate in a manner consistent with its prior practices and this Agreement until such time as such Deadlock is resolved. If the Deadlock is with respect to the approval of the Company's annual business plan or budget, the Company shall operate its business in accordance with the business plan or budget then in effect.

#### **7.04 Removal; Resignation.**

(a) A Manager may resign at any time from the Board by delivering his or her written resignation to the Board. Any such resignation shall be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The Board's acceptance of a resignation shall not be necessary to make it effective.

(b) A Manager may be removed from the Board for Cause by a majority vote of the remaining Managers.

(c) Any vacancy on the Board resulting from the resignation, removal, death or disability of a Manager shall be filled by appointment by a majority of the current Board, with such appointment to become effective immediately upon a resolution of the Board appointing the new Manager.

(d) The Board shall maintain a schedule of all Managers with their respective mailing addresses (the "Managers Schedule"), and shall update the Managers Schedule upon the removal or replacement of any Manager.

(e) Each party hereto shall take all necessary action to carry out fully the provisions of Section 7.04 to ensure that the Board consists of the Managers that are duly appointed in accordance with such sections.

#### **7.05 Meetings.**

(d) Regular meetings of the Board shall be held on at least a quarterly basis at such dates and times as the Board may designate. Special meetings of the Board may be called at any time at the written request of any or any two (2) Managers who make such request. Meetings of the Board may be held either in person or by telephone or video conference or other communication device that permits all Managers participating in the meeting to hear each other.

(e) Written notice of a meeting of the Board stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given to each Manager by electronic mail no less than twenty-four (24) hours before the date of the meeting. Notice of any meeting may be waived in writing by any Manager. Presence at a meeting shall constitute waiver of any deficiency of notice under this Section 7.05(b), except when a Manager attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the

transaction of any business because the meeting was not called or convened in accordance with this Agreement and does not otherwise attend the meeting.

(f) The Secretary of the Company (or the Managers calling the meeting, if there is no Secretary) shall circulate to each Manager an agenda for each regular meeting not less than three (3) Business Days in advance of such meeting. In the case of a special meeting, the agenda for such meeting shall include any matters specified by the Managers requesting such meeting, and shall be provided to each Manager at the time such special meeting is called.

(g) The decisions and resolutions of the Board shall be recorded in minutes, which shall state the date, time and place of the meeting (or the date of any written consent in lieu of a meeting), the Managers present at the meeting, the resolutions put to a vote (or the subject of a written consent) and the results of such voting or written consent. The minutes shall be entered in a minute book kept at the principal office of the Company and a copy of the minutes of each Board meeting shall be provided to each Manager.

#### **7.06 Manner of Acting.**

(a) Any Manager may participate in a meeting of the Board by telephone or video conference or other communications device that permits all Managers participating in the meeting to hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. A Manager may vote or be present at a meeting either in person or by proxy in accordance with Section 7.06(c).

(b) Each Manager shall have one vote on all matters submitted to the Board.

(c) Each Manager may authorize another individual (who may or may not be a Manager) to act for such Manager by proxy at any meeting of the Board, or to express consent or dissent to a Company action in writing without a meeting. Any such proxy may be granted in writing, by electronic mail, or as otherwise permitted by Applicable Law.

(d) Except as otherwise set forth in this Agreement (including Section 7.06(e)), the affirmative vote of a majority of the Managers in attendance at any meeting of the Board shall be required to authorize any action by the Board and shall constitute the action of the Board for all purposes.

(e) Notwithstanding anything herein to the contrary, the Board shall not take any action on any of the following matters without the affirmative vote or written consent of a Supermajority of the Members:

(i) Subject to Section 8.04, committing to or effecting any Liquidation Event of the Company;

(ii) the acquisition by the Company of another Person or its business, whether by means of an acquisition of assets or of capital stock, partnership, limited liability or other equity interests or by lease, license or otherwise, in each case, in a single transaction or series of related transactions; *provided that* the value of such acquisition exceeds \$5,000,000.

(iii) the sale, lease, license or other transfer or disposition of the Company's assets or business, other than in the ordinary course of Business, in each case, in a single transaction or series of related transactions;

(iv) any material change in the Business as in effect from time to time;

(v) the investment by the Company in any other Person, whether by means of debt or equity financing or otherwise, other than financing and other transactions in the ordinary course of the Core Business; *provided that* the value of such investment exceeds \$5,000,000.

(vi) the issuance of additional Membership Interests or any direct or indirect rights to acquire additional Membership Interests, the admission of new Members, or request additional capital contributions from the Members; *provided that* such new issuance and/or admission exceeds 10% of the fully diluted Membership Interests of the Company;

(vii) the request of additional capital contributions from Members.

(viii) the incurrence of indebtedness for borrowed money of the Company, in an amount, outstanding at any one time in excess of \$5,000,000, in the aggregate, in a single transaction or series of related transactions, or the creation of any mortgage, lien, pledge, security interest or other encumbrance on the assets of the Company or any refinancing or material modification of the terms of any such indebtedness or encumbrance; and/or

(ix) the granting by the Company of guarantees, the Company's entry into any other suretyship or similar arrangements in favor of any other Person or any material modification to the terms of any such guarantees or suretyship arrangements.

**7.07 Action By Written Consent.** Notwithstanding anything herein to the contrary, any action of the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by the number of Managers necessary to effect Board approval of such action as required by this Agreement. Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State.

**7.08 Compensation; No Employment.**

(a) Each Manager shall serve without compensation in his capacity as such. Each Manager shall be entitled to reimbursement from the Company for his or her reasonable and necessary out-of-pocket expenses incurred in the performance of his duties as a Manager, pursuant to such policies as may from time to time be established by the Board.

(b) This Agreement does not, and is not intended to, confer upon any Manager any rights with respect to employment by the Company, and nothing herein should be construed to have created any employment agreement or relationship with any Manager.

**7.09 Appointment of Officers.**

(a) *Appointment.* The Board may appoint individuals as officers of the Company (the “Officers”) as it deems necessary or desirable to carry on the business of the Company and the Board may delegate to such Officers such power and authority as the Board deems advisable. No Officer need be a Member. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his or her successor is designated by the Board or until his or her earlier death, resignation or removal. Any Officer may resign at any time upon written notice to the Board. Any Officer may be removed by the Board with or without cause at any time. A vacancy in any office occurring because of death, resignation, removal or otherwise, may, but need not, be filled by the Board.

(b) *Authority and Duties.* The Officers shall manage the day-to-day operations of the Company. In all cases, the Officers of the Company shall report to, and be supervised by, the CEO, or, with the approval of the CEO, another officer(s); *provided, however*, that the CEO and such other officer(s) each ultimately report to the Board. The Board shall establish the duties and responsibilities of each Officer. Unless prohibited by the Board, an officer may delegate some or all of the duties and powers of her position to other Persons. An officer who delegates the duties or powers of her office remains subject to the standard of conduct for an officer with respect to the discharge of all duties and powers so delegated. The appointment of any Person as an officer or agent of the Company shall not, in and of itself, create any contractual rights between such Person and the Company. The Officers of the Company, acting in their capacities as such, shall be agents acting on behalf of the Company as principal to the extent, but only to the extent, of the authority granted to each Officer.

It is intended that the Officers shall work closely as a team, with the functions and responsibilities determined by the Board for the management, growth, and financial success of the Company. An Officer’s additional duties and responsibilities shall be set forth in an employment contract to be determined in the future between the Officer and the Company, and the Officer shall serve for a term as provided for in such employment contract. The initial Officers, and their respective titles shall be as follows:

- Chief Executive Officer: Christopher (Kit) Gallant
- Chief Financial Officer: David Van Vlierbergen
- Chief Operating Officer: Kevin Wu
- Chief Marketing Officer: Liam O’Brien

(c) *Management Powers.* Except as otherwise set forth herein, the Officers, as authorized by the Board, shall have all powers necessary to carry out the purposes of and to manage the business, property, and affairs of the Company which shall include the power to:

- (i) Make contracts (with the exception of employment contracts) and guarantees (and negotiate same), incur liabilities, act as surety, borrow money, issue evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend, or change the terms of, and extend the time for payment of any indebtedness; and secure such indebtedness with a lien on Company assets, such as a mortgage, deed of trust, pledge, or security interest, up to and including amounts of \$50,000 or less (any amounts above this cap shall



require approval of the Board). All employment contracts of any amount must be approved by the Board.

(ii) Sell, lease, exchange, transfer, convey, mortgage, pledge, and otherwise dispose of all or any part of the Company's property and assets, or any interest therein, up to and including amounts of \$50,000 or less (any amounts above this cap shall require approval of the Board);

(iii) Lend money on behalf of the Company to third parties and otherwise assist its Members and employees, up to and including \$50,000 or less (any amounts above this cap shall require approval of the Board).

(iv) Retain auditors, legal counsel, and such other professional services as the Company may require and determine the appropriate compensation for the same;

**7.10 No Personal Liability.** Except as otherwise provided in the Act or by Applicable Law, no Manager will be obligated personally for any debt, obligation or liability of any Company, whether arising in contract, tort or otherwise, solely by reason of being a Manager.

**7.13 Other Activities; Business Opportunities.**

(a) Except as set forth in Section 12.02, nothing contained in this Agreement shall prevent any Member from engaging in any other activities or businesses; *provided* that such Member discloses those other activities or businesses to the Board. None of the Members shall be obligated to account to the Company or to the other Members for any profits or income earned or derived from other such activities or businesses.

(b) Notwithstanding Section 7.13(a), if a Member is offered or discovers a business opportunity of the type and character that is within the scope of or consistent with the business (a "Business Opportunity"), such Member shall, prior to pursuing such Business Opportunity, offer to the Company the right to pursue such Business Opportunity for the benefit of the Company, regardless of whether such Member believes the Company would be able (financially or otherwise) or willing to pursue such Business Opportunity. If the Board (not including for purposes of such vote any Managers presenting the Business Opportunity to the Company), determines not to pursue such Business Opportunity within ten (10) days after its presentation to the Company, and subject to the restrictions set forth in Section 12.02, the presenting Member shall be free to pursue such Business Opportunity as such Member shall determine in its sole discretion.

**7.15 Limitation of Liability.** To the fullest extent permitted under the Act or other Applicable Law, no Member of the Company shall be personally liable, as such, for monetary damages (other than under criminal statutes and under federal, state, and local laws imposing liability on managers for the payment of taxes, subject to indemnification) for any action taken, or any failure to take any action, unless the Member's conduct constitutes self-dealing or willful misconduct. No amendment or repeal of this section shall apply to or have any effect on the liability or alleged liability of any person who is or was a Member of the Company for or with

respect to any acts or omissions of the Member occurring prior to the effective date of such amendment or repeal. If the Act is amended to permit a limited liability company to provide greater protection from personal liability for its Members than the express terms of this section, this section shall be construed to provide for such greater protection.

## **ARTICLE VIII TRANSFER**

### **8.01 Restriction on Transfers by Members.**

(a) Subject to Applicable Law, each Member acknowledges and agrees that, until the consummation of a Qualified Public Offering, such Member (or any Permitted Transferee of such Member) shall not, without the consent of a Majority of the Board, Transfer any Membership Interests except as permitted pursuant to Section 8.02 or in accordance with the procedures set forth in Section 8.03 through Section 8.04, as applicable.

(b) Notwithstanding the foregoing or anything in this Agreement to the contrary, Transfers of Membership Interests shall not be permitted prior to the consummation of a Qualified Public Offering except:

- (i) pursuant to Section 8.02;
- (ii) when required of a Drag-along Member pursuant to Section 8.04;
- (iii) as set forth in Section 8.05; or

(c) Notwithstanding any other provision of this Agreement (including Section 8.02), each Member agrees that he, she, or it will not Transfer all or any portion of his, her, or its Membership Interest in the Company, and the Company agrees that it shall not issue any Membership Interests:

(i) except as permitted under the Securities Act and other applicable federal or state securities or blue sky laws, and then, with respect to a Transfer of Membership Interests, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

(ii) if such Transfer or issuance would cause the Company to be considered a “publicly traded partnership” under Section 7704(b) of the Code within the meaning of Treasury Regulations Section 1.7704-1(h)(1)(ii), including the look-through rule in Treasury Regulations Section 1.7704-1(h)(3);

(iii) if such Transfer or issuance would affect the Company’s existence or qualification as a limited liability company under the Act;

(iv) if such Transfer or issuance would cause the Company to lose its status as a partnership for federal income tax purposes;

(v) if such Transfer or issuance would cause the Company to be required to register as an investment company under the Investment Company Act of 1940, as amended; or

(vi) if such Transfer or issuance would cause the assets of the Company to be deemed “Plan Assets” as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any “prohibited transaction” thereunder involving the Company.

(d) Any Transfer or attempted Transfer of any Membership Interest in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company’s books and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(e) For the avoidance of doubt, any Transfer of a Membership Interest permitted by this Agreement shall be deemed a sale, transfer, assignment or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment or other disposal of any less than all of the rights and benefits described in the definition of the term “Membership Interest,” unless otherwise explicitly agreed to by the parties to such Transfer.

**8.02 Permitted Transfers.** Subject to Applicable Law, the provisions of Section 8.01(a), Section 8.03, Section 8.04 (with respect to Dragging Member only), and Section 8.06 shall not apply to any Transfer by any Member of all or any portion of his, her, or its Membership Interest to any of the following:

(a) Any Affiliate of such Member; or

(b) With respect to any Member, to (i) such Member’s spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, “Family Members”); (ii) a trust under which the distribution of Membership Interests may be made only to such Member; or (iii) a corporation, partnership or limited liability company, the stockholders, partners or members of which are only such Member and/or Family Members of such Member.

**8.03. Right of First Refusal.**

(a) If a Member (the “Offering Member”) desires to Transfer any or all of his, her or its Membership Interests (the “Offered Interests”), such Offering Member shall give prompt, written, unconditional and irrevocable notice to the Company providing that the Company, *first*, and the Members, *second*, shall have the right to purchase all (but not less than all) of the Offered Interests pursuant to terms and conditions of Section 8.01, Section 8.02 and this Section 8.03. The Offering Member shall notify the Company in writing of his, her or its desire to sell or assign the Offered Interests and the price and terms thereof. Thereafter, the Company shall have fifteen (15) Business Days from the date of receipt of such notice (the “ROFR Option Period”) to notify the Offering Member of the Company’s desire to purchase the Offered Interests at the price and on the terms and conditions set forth in the Offering Member’s offer (the “Right of

First Refusal”). If the Company fails to exercise its Right of First Refusal or notifies the Offering Member of its decision not to exercise its Right of First Refusal, then all the Members, or any of them, shall have fifteen (15) Business Days from the later of (i) the expiration of ROFR Option Period, or (ii) receipt of the Company’s decision not to exercise its Right of First Refusal, to notify the Offering Member of their desire to purchase the Offered Interests at the price and on the terms and conditions set forth in the Offering Member’s offer. If more than one Member accepts such offer, the Offered Interests shall be apportioned among the Members so accepting in proportion to their respective Percentage Interests in the Company or in such other proportion upon which they mutually agree. Settlement of any sale to the Company or the Members under this Section 8.03(a) shall be made by the Offering Member and the Company or purchasing Members within (i) thirty (30) days after notice of desire to purchase or (ii) the time, if any, provided in the Offering Member’s offer, whichever is later.

(b) In the event neither the Company nor any of the Members notify the Offering Member in writing that they intend to exercise their right to purchase the Offered Interests, the Offering Member shall be free to seek a “bona fide offer” (as hereinafter defined) to purchase such Offered Interests from third parties. Upon receipt of a bona fide offer to purchase the Offered Interests, the Offering Member shall offer in writing to sell and assign such Offered Interests to the Company and the Members upon the terms and conditions set forth in the bona fide offer, with a complete copy of the bona fide offer attached.

(c) The Company, *first*, and Members, *second*, shall notify the Offering Member of their intent to exercise their Right of First Refusal to purchase the Offered Interests upon the terms and conditions of the bona fide offer in accordance with the procedures set forth in Section 8.03(a). If more than one Member accepts such offer, the Offered Interests shall be apportioned among the Members so accepting according to Section 8.03(a) hereof.

(d) For purposes of this Section 8.03, the term “bona fide offer” shall mean and constitute an offer in writing from an outside purchaser (*i.e.*, a Person who is not directly or indirectly related to or an Affiliate of the Offering Member and who is financially capable of carrying out the terms of the offer) which (i) sets forth all relevant terms and conditions of the purchase, (ii) is in a form legally enforceable against the outside purchaser, and (iii) the consideration to be paid for the Offering Interests must be cash only, payable at settlement or on a deferred basis. Settlement of any sale to the Company or Members as the case may be shall be made by the Offering Member in accordance with those terms provided in Section 8.03(a).

(e) In the event neither the Company nor any Member exercises the right to purchase the Offered Interests under Section 8.03(c), the Offering Member may sell and assign such Membership Interests to the prospective purchaser subject to Section 8.01(a) and only in accordance with the terms of the bona fide offer. The prospective purchaser shall only receive an Economic Interest in the Company and shall not be admitted as a Substituted Member unless all of the requirements of Section 8.06 hereof have been satisfied.

(f) Each Member shall take all actions as may be reasonably necessary to consummate the sale contemplated by this Section 8.03 including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(g) At the closing of any sale and purchase pursuant to this Section 8.03, the Offering Member shall deliver to the Transferee(s) a certificate or certificates representing the Offered Interests to be sold (if any), accompanied by evidence of Transfer and all necessary transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefore from such Transferee(s) by certified or official bank check or by wire transfer of immediately available funds.

#### **8.04 Drag-along Rights.**

(a) **Participation.** If one or more Members (together with their respective Permitted Transferees) holding no less than fifty-one percent (51%) of the then outstanding Membership Interests (such Member or Members, the “Dragging Members”), proposes to Transfer, in one transaction or a series of related transactions, all of the Membership Interests owned by the Dragging Members (a “Drag-along Sale”), the Dragging Members shall have the right, after delivering the Drag-along Notice in accordance with Section 8.04(c) and subject to compliance with Section 8.04(d), to require that each other Member (each, a “Drag-along Member”) participate in such sale in the manner set forth in Section 8.04(b).

(b) **Sale of Membership Interests.** Subject to compliance with Section 8.04(d), each Drag-along Member shall sell in the Drag-along Sale all of the Membership Interests held by such Drag-along Member.

(c) **Sale Notice.** The Dragging Members shall exercise its rights pursuant to this Section 8.04 by delivering a written notice (the “Drag-along Notice”) to the Company and each Drag-along Member no more than ten (10) Business Days after the execution and delivery by all of the parties thereto of the definitive agreement entered into with respect to the Drag-along Sale and, in any event, no later than twenty (20) Business Days prior to the closing date of such Drag-along Sale. The Drag-along Notice shall make reference to the Dragging Members’ rights and obligations hereunder and shall describe in reasonable detail:

(i) The name of the person or entity to whom such Membership Interests are proposed to be sold;

(ii) The proposed date, time and location of the closing of the sale;

(iii) The proposed amount of consideration for the Drag-along Sale and the other material terms and conditions of the Drag-along Sale, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(iv) A copy of any form of agreement proposed to be executed in connection therewith.

(d) **Conditions of Sale.** The obligations of the Drag-along Members in respect of a Drag-along Sale under this Section 8.04 are subject to the satisfaction of the following conditions:

(i) The consideration to be received by each Drag-along Member shall be the same form and amount of consideration to be received by the Dragging Members per

percentage interest and the terms and conditions of such sale shall, except as otherwise provided in Section 8.04(d)(iii), be the same as those upon which the Dragging Members sells their Membership Interests;

(ii) If the Dragging Members or any Drag-along Member are given an option as to the form and amount of consideration to be received, the same option shall be given to all Drag-along Members; and

(iii) Each Drag-along Member shall execute the applicable purchase agreement, if applicable, and make or provide the same representations, warranties, covenants, indemnities and agreements as the Dragging Members make or provide in connection with the Drag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Dragging Members, the Drag-along Member shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); *provided*, that all representations, warranties, covenants and indemnities shall be made by the Dragging Members and each Drag-along Member severally and not jointly and any indemnification obligation shall be *pro rata* based on the consideration received by the Dragging Members and each Drag-along Member (other than any indemnification obligation pertaining specifically to the Dragging Members or a Drag-along Member, which obligation shall be the sole obligation of such Dragging Members or Drag-along Member), in each case in an amount not to exceed the aggregate proceeds received by the Dragging Members and each such Drag-along Member in connection with the Drag-along Sale.

(e) **Cooperation.** Each Drag-along Member shall take all actions as may be reasonably necessary to consummate the Drag-along Sale, including, without limitation, entering into agreements and delivering certificates and instruments, in each case, consistent with the agreements being entered into and the certificates being delivered by the Dragging Members, but subject to Section 8.04(d)(iii).

(f) **Expenses.** The fees and expenses of the Dragging Members incurred in connection with a Drag-along Sale and for the benefit of all Drag-along Members (it being understood that costs incurred by or on behalf of a Dragging Members for their sole benefit will not be considered to be for the benefit of all Drag-along Members), to the extent not paid or reimbursed by the Company or third party participating in the Drag-along Sale, shall be shared by the Dragging Members and all the Drag-along Members on a *pro rata* basis, based on the consideration received by each such Member; *provided*, that no Drag-along Member shall be obligated to make any out-of-pocket expenditure prior to the consummation of the Drag-along Sale.

(g) **Consummation of Sale.** The Dragging Members shall have 120 days following the date of the Drag-along Notice in which to consummate the Drag-along Sale, on the terms set forth in the Drag-along Notice (which 120-day period may be extended for a reasonable time not to exceed 60 days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). If at the end of such period the Dragging Members have not

completed the Drag-along Sale, the Dragging Members may not then exercise the rights under this Section 8.04 without again fully complying with the provisions of this Section 8.04.

#### **8.05 Company Buy-Back Option.**

(a) **Buy-Back Right.** Upon the occurrence of any of the following events, the Company, upon the unanimous vote of the Board (except for the vote of the Member to whom this section may apply, if such Member is a member of the Board) may purchase from a Member all (and not less than all) of such Member's Membership Interests (the "Buy-Back Right"):

- (i) a sale upon execution or in foreclosure of any pledge, hypothecation, lien or charge against a Member's Membership Interests;
- (ii) the filing of a voluntary or involuntary petition under any federal or state bankruptcy, insolvency or related law by a Member;
- (iii) the appointment of a receiver with respect to a Member's assets;
- (iv) an assignment for the benefit of a Member's creditors;
- (v) the attachment, assignment or other collection action against a Member and that that Member's Membership Interests;
- (vi) the appointment of a guardian or conservator for a Member;
- (vii) a Member's material breach of this Agreement, which breach is not cured by the Member within thirty (30) days of written notice thereof, unless such breach cannot be cured, then immediately upon written notice of the breach;
- (viii) for Cause;
- (ix) a Member's continued failure or refusal to perform his, her, or its duties and responsibilities as a Member of the Company;
- (x) a Member's breach of his, her, or its fiduciary duties to the Company or the other Members;
- (xi) a Member knowingly engages in unlawful conduct involving fraud, embezzlement, or theft against the Company or another Member;
- (xii) a Member engages in unauthorized or other bad faith conduct which has an adverse impact on the Company and/or its Business;
- (xiii) a Member causes, or in the reasonable opinion of the Board threatens to cause, a Loss of License to the Company.

(b) **Loss of License.** For purposes of this Section 8.05, the term "Loss of License" means any denial, delay in securing, revocation, suspension, or non-renewal of a License, or

threat of any of the foregoing, whether resulting from any judicial or administrative proceeding, department or law enforcement investigation or action, or otherwise, and which arises out of or is associated with, either directly or indirectly, any act or omission of any Member (including any partners, members, managers, shareholders, employees, agents, officers or directors of such Member), including, but not limited to, the knowing commission of any crime or other act deemed inconsistent with the holding of a License, the violation of any provision of law or regulations relating to the operation of the Business, an investigation conducted by any law enforcement agency in to the commission of any crime, alleged illegal activity, or other act that is inconsistent with the holding of a License or which threatens the issuance, keeping, or renewal of a License, whether or not the allegations or basis for such allegations or investigation with respect thereto are true in fact, or the failure of such Member to cooperate with the with any Governmental Authority to its satisfaction.

(c) **Procedure.** The Company shall exercise its Buy-Back Right by notifying the Member whose Membership Interests are being purchased of the Company's intent to purchase all of the Member's Membership Interests and the grounds upon which the Company is exercising its Buy-Back Right (the "Buy-Back Notice"). The Company shall purchase the Membership Interests pursuant to its Buy-Back Right on terms that may be determined by the Board.

(d) **Purchase Price.** The price to be paid by the Company to the Member for such Member's Membership Interests pursuant to this Section 8.05 shall be the greater of: (i) 30% of the Fair Market Value; or (ii) Book Value.

(e) **Cooperation.** The selling Member shall take all actions as may be reasonably necessary to consummate any sale under this Section 8.05 including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate.

(f) **No Further Rights or Obligations.** If a Member's Membership Interests are purchased pursuant to the Company's exercise of its Buy-Back Right, the Member shall cease to be a party to this Agreement and shall have no further rights or obligations hereunder, and this Agreement may be amended or terminated without the Member's consent.

#### **8.06 Substituted Member.**

(a) A Transferee or successor to all or any portion of a Membership Interest of a Member shall become a "Substituted Member" in place of his Transferor only upon satisfaction of the following conditions:

(i) the Board consents to the admission of the Transferee as a Substituted Member;

(ii) the Transferor and Transferee file a notice or other evidence of transfer and such other information reasonably required by the Board, including, without limitation, names, social security numbers or employer identification numbers, addresses and telephone numbers of the Transferor and Transferee;



(iii) the Transferee agrees to be bound by the terms and conditions of the Certificate of Organization and this Agreement and executes a Joinder Agreement and such other documents as may be reasonably requested by the Board including without limitation, all documents necessary to comply with applicable tax and/or securities rules and regulations; and,

(iv) The Transferor or Transferee pays all costs and fees incurred or charged by the Company to effect the transfer and substitution, including without limitation counsel fees in connection with any opinion the Board may determine to be prudent to obtain in connection with such transfer and substitution.

(b) If a Transferee does not become a Substituted Member pursuant to this Section 8.06, the Transferee shall not have any rights to require any information on account of the Company's business, to inspect the Company's books, to participate in the management or operation of the Company, or to vote or otherwise take part in the affairs of the Company.

(c) Unless named in this Agreement, or unless admitted to the Company as above provided in this ARTICLE VIII, no Person shall be considered a Member, and the Company, each Member, and any other Persons having business with the Company need deal only with Members so named or so admitted and shall not be required to deal with any other Person by reason of an assignment by a Member or by reason of the death of a Member, except as otherwise provided in this Agreement. In the absence of substitution of a Member for a Transferring or deceased Member, any payment to a Member or to the successors, assigns, executors, administrators or personal representatives of a Member shall acquit the Company of all liability to any other Persons who may be interested in such payment by reason of a Transfer by such Member, by reason of the dissolution or death of such Member, or otherwise.

(d) Notwithstanding anything to the contrary in this Agreement, the Transferees of a Member as a result of such Member's death or total disability shall automatically become Substituted Members of the Company.

**8.07 Rights of Transferee of Economic Interest.** A Transferee not admitted as a Substitute Member shall receive only the economic right to receive distributions whenever made by the Company and the Transferor's allocable share of taxable income, gain, loss, deduction, and credit (an "Economic Interest"). Such Transferee, however, will be responsible for all Member obligations. A Transferee of an Economic Interest shall not be entitled to participate in the management or affairs of the Company or to be admitted as a Member or exercise any rights of a Member unless admitted as a Substitute Member pursuant to Section 8.06 hereof. Whether or not admitted as a Substitute Member, each Transferee of an Economic Interest shall be fully bound by all limitations set forth in this ARTICLE VIII with respect to any further Transfer.

**8.09 Prohibited Transfers.** Notwithstanding anything herein to the contrary, no Transfer of Membership Interests shall be permitted if such Transfer (i) would violate or result in the violation of any Applicable Law, or (ii) would result in the Company losing any license, approval, permit, or any other grant of authority from any Governmental Authority necessary for the Company lawfully to engage in its Business.

## **ARTICLE IX ACCOUNTING; TAX MATTERS**

**9.01 Financial Statements.** The Company shall furnish to its Members annual financial statements, including at least a balance sheet and statements of income, cash flows and Members' equity for such Fiscal Year as of the end of each Fiscal Year. The financial statements shall be prepared on the basis of generally accepted accounting principles. The financial statements shall be mailed by the Company (including by electronic mail) to each of the Members within 120 days after the close of each Fiscal Year.

**9.02 Maintenance of Books and Records.** In addition to the financial records required to be maintained under Section 9.01, the Company shall keep the following records: (a) a list setting forth the full name and last known mailing address and e-mail address of each Member; (b) a copy of the Certificate of Organization and all amendments thereto; (c) copies of all of the Company's federal, state, and local income tax returns and annual financial statements; (d) copies of the currently effective written limited liability company agreement, and all amendments thereto, and copies of any limited liability company agreements no longer in effect; and, (e) minutes of the proceedings of the Board.

**9.03 Inspection Rights.** The Company shall establish a virtual data room to store all books and records required to be maintained under Section 9.02 of this Agreement and the Act as well as security records required to be maintained under the Cannabis Regulations, and provide each Member and such Member's Representatives access to such data room.

**9.04 Financial Accounts.** All funds of the Company shall be deposited in its name, or in such name as may be designated by the Company, in such checking, savings or other accounts, or held in its name in the form of such other investments as shall be designated by the Board. The funds of the Company shall not be commingled with the funds of any other Person. All withdrawals of such deposits or liquidations of such investments by the Company shall be made exclusively upon the signature or signatures of any officer as the Board may designate.

**9.05 Partnership Representative.**

(a) **Appointment.** The Company shall appoint a "partnership representative" (the "Partnership Representative") as provided in Code Section 6223(a) (as amended by the BBA). The Partnership Representative can be removed at any time by a vote of the Board. In the event of the removal of the Partnership Representative, the Board shall select a replacement Partnership Representative. If the removal of the Partnership Representative occurs prior to the effectiveness of the removal under applicable Treasury Regulations or other administrative guidance, the Partnership Representative that has been removed shall not take any actions in its capacity as Partnership Representative except as directed by the Board.

(b) **Tax Examinations and Audits.** The Partnership Representative is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by the Internal Revenue Service or any other state, local, or foreign taxing authority ("Taxing Authorities"), including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated

therewith. Each Member agrees that such Member will not independently act with respect to tax audits or tax litigation of the Company, unless previously authorized to do so in writing by the Partnership Representative, which authorization may be withheld by the Partnership Representative in his or her sole and absolute discretion. The Partnership Representative shall have sole discretion to determine whether the Company (either on its own behalf or on behalf of the Members) will contest or continue to contest any tax deficiencies assessed or proposed to be assessed by any Taxing Authority. The Company and its Members shall be bound by the actions taken by the Partnership Representative.

(c) **BBA Elections and Procedures.** In the event of an audit of the Company that is subject to the partnership audit procedures enacted under Section 1101 of the BBA (the “BBA Procedures”), the Partnership Representative, in its sole discretion, shall have the right to make any and all elections and to take any actions that are available to be made or taken by the Partnership Representative or the Company under the BBA Procedures (including any election under Code Section 6226). If an election under Code Section 6226(a) is made, the Company shall furnish to each Member for the year under audit a statement of the Member’s share of any adjustment set forth in the notice of final partnership adjustment, and each Member shall take such adjustment into account as required under Code Section 6226(b).

(d) **Tax Returns and Tax Deficiencies.** Each Member agrees that such Member shall not treat any Company item inconsistently on such Member’s federal, state, foreign or other income tax return with the treatment of the item on the Company’s return. Any deficiency for taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such taxes and any tax deficiency imposed pursuant to Code Section 6226) will be paid by such Member and if required to be paid (and actually paid) by the Company, will be recoverable from such Member as provided herein. To the extent that the Partnership Representative does not make an election under Code Section 6221(b) or Code Section 6226, the Company shall use commercially reasonable efforts to (i) make any modifications available under Code Section 6225(c)(3), (4), and (5), and (ii) if requested by a Member, provide to such Member information allowing such Member to file an amended federal income tax return, as described in Code Section 6225(c)(2), to the extent such amended return and payment of any related federal income taxes would reduce any taxes payable by the Company.

(e) **Resignation.** The Partnership Representative may resign at any time and, upon such resignation, the Board shall appoint a new Partnership Representative.

**9.06 Tax Returns.** At the expense of the Company, the Board shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company owns property or does business. As soon as reasonably possible after the end of each Fiscal Year, the Board will cause to be delivered to each Person who was a Member at any time during such Fiscal Year, IRS Schedule K-1 to Form 1065 and such other information with respect to the Company as may be necessary for the preparation of such Person’s federal, state and local income tax returns for such Fiscal Year.

## **ARTICLE X DISSOLUTION AND LIQUIDATION**

**10.01 Dissolution.** The Company shall dissolve, and its affairs shall be wound up, only upon the occurrence of any of the following events:

- (a) An election to dissolve the Company is made in writing by the Members in accordance with ARTICLE VII;
- (b) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company; or,
- (c) The entry of a decree of judicial dissolution under § 44 of the Act.

**10.02 Effectiveness of Dissolution.** Dissolution of the Company shall be effective on the day on which the event described in Section 10.01 occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in Section 10.03 and the Certificate of Organization shall have been cancelled as provided in Section 10.04.

**10.03 Liquidation.** If the Company is to be dissolved in accordance with Section 10.01, then the Company shall be liquidated and its business and affairs wound up in accordance with the Act and the following provisions:

(a) **Liquidator.** The Board, or a Person assigned by the Board, shall act as a liquidator to wind up the Company (the “Liquidator”). The Liquidator shall have a full power and authority to sell, assign, and encumber any or all of the Company’s assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) **Accounting.** As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company’s assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) **Distributions.** The Liquidator shall liquidate the assets of the Company and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:

(i) *first*, to the payment of all of the Company’s debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) *second*, to the establishment of and additions to reserves that are determined by the Board in its sole discretion to be reasonably necessary for any contingent unforeseen liabilities or obligations of the Company; and

(iii) *third*, to the Members until Capital Contributions are repaid in full; and

(v) *fourth* in the same manner as distributions are made under Section 6.02.

(d) **Discretion of Liquidator.** Notwithstanding the provisions of Section 10.03(c) that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 10.03(c), if upon dissolution of the Company the Liquidator determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may, in its absolute discretion, distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 10.03(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such distribution in kind will be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such distribution, any property to be distributed will be valued at its Fair Market Value.

**10.04 Cancellation of Certificate.** Upon completion of the distribution of the assets of the Company as provided in Section 10.03(c) hereof, the Company shall be terminated and the Liquidator shall cause the cancellation of the Certificate of Organization in the State of Massachusetts and of all qualifications and registrations of the Company as a foreign limited liability company in jurisdictions other than the State of Massachusetts and shall take such other actions as may be necessary to terminate the Company.

**10.05 Survival of Rights, Duties and Obligations.** Dissolution, liquidation, winding up or termination of the Company for any reason shall not release any party from any loss which at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or which thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up or termination. For the avoidance of doubt, none of the foregoing shall replace, diminish or otherwise adversely affect any Member's right to indemnification pursuant to Section 11.03.

**10.06 Recourse for Claims.** Each Member shall look solely to the assets of the Company for all distributions with respect to the Company, such Member's Capital Account, and such Member's share of Net Income, Net Loss and other items of income, gain, loss and deduction, and shall have no recourse therefor (upon dissolution or otherwise) against the Liquidator or any other Member.

## **ARTICLE XI EXCULPATION AND INDEMNIFICATION**

### **11.01 Exculpation of Covered Persons.**

(a) **Covered Persons.** As used herein, the term “Covered Person” shall mean (i) each Member, (ii) each Manager, officer, director, shareholder, partner, member, controlling Affiliate, employee, agent or representative of each Member, and each of their controlling Affiliates, and (iii) each officer, agent or representative of the Company.

(b) **Standard of Care.** No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any action taken or omitted to be taken by such Covered Person in good-faith reliance on the provisions of this Agreement, so long as such action or omission does not constitute fraud or willful misconduct by such Covered Person.

(c) **Good Faith Reliance.** A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, Net Income or Net Losses of the Company or any facts pertinent to the existence and amount of assets from which distributions might properly be paid) of the following Persons or groups: (i) another Covered Person; (ii) one or more officers or employees of the Company; (iii) any attorney, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company; or (iv) any other Person selected in good faith by or on behalf of the Company, in each case as to matters that such relying Person reasonably believes to be within such other Person’s professional or expert competence. The preceding sentence shall in no way limit any Person’s right to rely on information to the extent provided in § 11 of the Act.

#### **11.02 Liabilities and Duties of Covered Persons.**

(a) Subject to Applicable Law, this Agreement is not intended to, and does not, create or impose any fiduciary duty on any Covered Person. Furthermore, each of the Members and the Company hereby waives any and all fiduciary duties that, absent such waiver, may be implied by Applicable Law, and in doing so, acknowledges and agrees that the duties and obligation of each Covered Person to each other and to the Company are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

(b) Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person’s “discretion” or under a grant of similar authority or latitude), the Covered Person shall be entitled to consider only such interests and factors as such Covered Person desires, including its own interests, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person’s “good faith,” the Covered Person shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other Applicable Law.

#### **11.03 Indemnification.**

(a) **Indemnification.** To the fullest extent permitted by the Act, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Act permitted the Company to provide prior to such amendment, substitution or replacement), the Company shall indemnify, hold harmless, defend, pay and reimburse any Covered Person against any and all losses, claims, damages, judgments, fines or liabilities, including reasonable legal fees or other expenses incurred in investigating or defending against such losses, claims, damages, judgments, fines or liabilities, and any amounts expended in settlement of any claims (collectively, "Losses") to which such Covered Person may become subject by reason of:

(i) Any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company, any Member of the Company, or any direct or indirect Subsidiary of the Company, if any, in connection with the business of the Company; or

(ii) The fact that such Covered Person is or was acting in connection with the business of the Company as a partner, member, stockholder, controlling Affiliate, manager, director, officer, employee or agent of the Company, any Member, or any of their respective controlling Affiliates, or that such Covered Person is or was serving at the request of the Company as a partner, member, manager, director, officer, employee or agent of any Person including the Company or any Company Subsidiary;

*provided*, that (x) such Covered Person acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, it being expressly agreed and acknowledged that such Covered Persons' conduct of the Company's Business may violate state and federal law governing cannabis, and that such conduct is hereby deemed a Covered Loss; and (y) such Covered Person's conduct did not constitute fraud or willful misconduct, in either case as determined by a final, non-appealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the Covered Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person's conduct was unlawful, or that the Covered Person's conduct constituted fraud or willful misconduct.

(b) **Reimbursement.** The Company shall promptly reimburse (and/or advance to the extent reasonably required) each Covered Person for reasonable legal or other expenses (as incurred) of such Covered Person in connection with investigating, preparing to defend or defending any claim, lawsuit or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 11.03; *provided*, that if it is finally judicially determined that such Covered Person is not entitled to the indemnification provided by this Section 11.03, then such Covered Person shall promptly reimburse the Company for any reimbursed or advanced expenses.

(c) **Entitlement to Indemnity.** The indemnification provided by this Section 11.03 shall not be deemed exclusive of any other rights to indemnification to which those seeking indemnification may be entitled under any agreement or otherwise. The provisions of this Section 11.03 shall continue to afford protection to each Covered Person regardless of whether such Covered Person remains in the position or capacity pursuant to which such Covered Person became entitled to indemnification under this Section 11.03 and shall inure to the benefit of the executors, administrators, legatees and distributees of such Covered Person.

(d) **Insurance.** To the extent available on commercially reasonable terms, the Company may purchase, at its expense, insurance to cover Losses covered by the foregoing indemnification provisions and to otherwise cover Losses for any breach or alleged breach by any Covered Person of such Covered Person's duties in such amount and with such deductibles as the Company may determine; *provided*, that the failure to obtain such insurance shall not affect the right to indemnification of any Covered Person under the indemnification provisions contained herein, including the right to be reimbursed or advanced expenses or otherwise indemnified for Losses hereunder. If any Covered Person recovers any amounts in respect of any Losses from any insurance coverage, then such Covered Person shall, to the extent that such recovery is duplicative, reimburse the Company for any amounts previously paid to such Covered Person by the Company in respect of such Losses.

(e) **Funding of Indemnification Obligation.** Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Section 11.03 shall be provided out of and to the extent of Company assets only, and no Member (unless such Member otherwise agrees in writing) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity by the Company.

(f) **Savings Clause.** If this Section 11.03 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Section 11.03 to the fullest extent permitted by any applicable portion of this Section 11.03 that shall not have been invalidated and to the fullest extent permitted by Applicable Law.

(g) **Amendment.** The provisions of this Section 11.03 shall be a contract between the Company, on the one hand, and each Covered Person who served in such capacity at any time while this Section 11.03 is in effect, on the other hand, pursuant to which the Company and each such Covered Person intend to be legally bound. No amendment, modification or repeal of this Section 11.03 that adversely affects the rights of a Covered Person to indemnification for Losses incurred or relating to a state of facts existing prior to such amendment, modification or repeal shall apply in such a way as to eliminate or reduce such Covered Person's entitlement to indemnification for such Losses without the Covered Person's prior written consent.

(h) **Survival.** The provisions of this ARTICLE XI shall survive the dissolution, liquidation, winding up and termination of the Company.



## ARTICLE XII COVENANTS

### 12.01 Confidentiality.

(a) Each Member acknowledges that during the term of this Agreement, he, she, or it will have access to and become acquainted with trade secrets, proprietary information and confidential information belonging to the Company, the Company Subsidiaries and their Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents which the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, “Confidential Information”). In addition, each Member acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring and analyzing his investment in the Company or performing his duties as a Manager, Officer, employee, consultant or other service provider of the Company) at any time, including, without limitation, use for personal, commercial or proprietary advantage or profit, either during his association or employment with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against disclosure, misuse, espionage, loss and theft.

(b) Nothing contained in Section 12.01(a) shall prevent any Member from disclosing Confidential Information: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Member; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) to the extent necessary in connection with the exercise of any remedy hereunder; (v) to other Members; (vi) to such Member’s Representatives who, in the reasonable judgment of such Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 12.01 as if a Member; or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from such Member, as long as such Transferee agrees to be bound by the provisions of this Section 12.01 as if a Member; *provided*, that in the case of clause (i), (ii) or (iii), such Member shall notify the Company and other Members of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Members) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available.

(c) The restrictions of Section 12.01(a) shall not apply to Confidential Information that the Member can demonstrate with written documentation: (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or becomes available to a Member or any of its Representatives on a non-confidential basis prior to its disclosure to the receiving Member and any of its Representatives in compliance with this Agreement; (iii) is or has been independently developed or conceived by such Member without use of Confidential Information; or (iv) becomes available to the receiving Member or any of its Representatives on a non-confidential basis from a source other than the Company, any other Member or any of their respective Representatives; *provided*, that such source is not known by the recipient of the Confidential Information to be bound by a confidentiality agreement with the disclosing Member or any of its Representatives.

## **12.02 Non-compete; Non-solicit.**

(a) **Non-compete.** In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member hereby agrees that, during the period of his, hers, or its continued ownership of Membership Interests, employment, or other engagement with the Company and for a period of two (2) years running consecutively thereafter, beginning on the last day of the Member's ownership of Membership Interests, employment, or other engagement with the Company for any reason or no reason (the "Restricted Period"), such Member shall not (x) render services or give advice to, or affiliate with (as employee, partner, consultant or otherwise), or (y) directly or indirectly through one or more of any of their respective Affiliates, own, manage, operate, control or participate in the ownership, management, operation or control of, any Competitor or any division or business segment of any Competitor. For purposes of this Section 12.02(a), "Competitor" means any other Person engaged, directly or indirectly, in whole or in part, in the same or similar business as the Company, including those engaged in the business of growing, cultivating, extracting, processing, selling or distributing cannabis and cannabis-based products in any state in which the Company operates or has applied to operate.

(b) **Non-solicit of Employees.** In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member further agrees that, during the Restricted Period, he, she, or it shall not, directly or indirectly through one or more of any of their respective Affiliates, hire or solicit, or encourage any other Person to hire or solicit, any individual who has been employed by the Company or any Company Subsidiary, or encourage any such individual to leave such employment.

(c) **Non-solicit of Clients.** In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member further agrees that, during the Restricted Period, he, she, or it shall not, directly or indirectly through one or more of any of their respective Affiliates, solicit, advise, suggest, or entice, or attempt to solicit, advise, suggest, or entice, any clients, customers or suppliers of the Company or any Company Subsidiary to withdraw, discontinue, or curtail any business or business relationship with the Company and/or for the purposes of diverting their business or services from the Company.

(d) **Fraternization Policy.** In order to minimize the risk of conflicts of interest and promote fairness, the Company maintains the following policy with respect to romance in the workplace:

(i) Romantic or dating relationships between employees are permitted, but only under the circumstances described by this policy. Employees in violation of this policy may be subject to termination of employment.

(ii) To the extent possible, a supervisor or manager who has had a previous romantic or dating relationship with a subordinate or employee whose terms and conditions he or she may influence will not be involved in decisions relating to that individual's promotions, raises, termination, or other terms and conditions of employment.

(iii) All employees engaged in a romantic or dating relationship are required to notify the Human Resources Department, and if none, the CEO. Individuals involved in a relationship covered by this policy may be asked to sign a document acknowledging that their relationship is entirely consensual and free from coercion and harassment,

(iv) Employees are expected to conduct themselves in a professional manner at all times. Workplace dating or romantic relationships must not interfere with any employee's professionalism, including treating others with respect and refraining from behavior that may make others feel uncomfortable (for example, overt physical displays of affection and using sexual language). In particular, management personnel are expected to set a high standard of professional conduct both at work and in any social setting at events sponsored by the Company. For this reason, management personnel are prohibited from social interaction with subordinates that is or might be perceived as inappropriate (for example, unwanted flirting, touching, or other behavior that may be regarded as sexual harassment).

(v) The Board retains discretion in its enforcement of this policy. Decisions made under this policy will be made based on operational and business reasons and without regard to sex, race, color, religion, creed, age (40 and over), national origin, citizenship, physical or mental disability, military service or application, or any other protected characteristic under federal, state, or local law.

(vi) This policy is not intended to restrict communications or actions protected or required by state or federal law.

(e) **Amendment.** If any court of competent jurisdiction determines that any of the covenants set forth in this Section 12.02, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to modify any such unenforceable provision in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the

offending provision, adding additional language, or by making such other modifications to this Section 12.02 as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by Applicable Law. The parties hereto expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them.

**12.03 Rights of Participation.** Initial Members shall have the right to participate in any agreement, venture, investment, or other business relationship in which the Company or any other Member is a party, on terms upon which such Initial Member and the Company and/or other Member shall mutually agree.

**12.04 Equitable Remedies.** Each Member hereto acknowledges that a breach or threatened breach by such Member of any of its obligations under this ARTICLE XII would give rise to irreparable harm to the Company and the other Members for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Member of any such obligations, the Company shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

## **ARTICLE XIII INTELLECTUAL PROPERTY**

### **13.01 Assignment of Intellectual Property.**

(a) Each Member, as applicable (each an “Assigning Member”), hereby irrevocably conveys, transfers, and assigns to the Company, and the Company hereby accepts, all of each Assigning Members’ rights, title, and interests in and to:

(i) the patents and patent applications, trademark registrations and applications (including all goodwill connected with the use of such trademark registrations) and copyright registrations and applications, set forth on Schedule B to this Agreement (the “Assigned IP”);

(ii) all rights of any kind whatsoever accruing under the Assigned IP by applicable law of any jurisdiction, by international treaties and conventions, and otherwise throughout the world;

(iii) any and all royalties, fees, income, payments, and other proceeds now or hereafter due or payable with respect to any and all of the Assigned IP; and

(iv) any and all claims and causes of action with respect to any of the Assigned IP, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or

default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

(b) Following the date hereof, Assigning Members shall take such steps and actions, and provide such cooperation and assistance to the Company and its successors, assigns, and legal representatives, including the execution and delivery of any affidavits, declarations, oaths, exhibits, assignments, powers of attorney, or other documents, as may be reasonably necessary to effect, evidence, or perfect the assignment of the Assigned IP to the Company, or any assignee or successor thereto.

**13.02 Future Inventions and Developments.** Each Member agrees to assign to Company as a result of this Agreement his, her, or its entire right, title and interest in and to all Intellectual Property (as defined below) made, written or conceived by such Member in furtherance of the Company's Business, jointly or with others, while such Member is a Member of the Company, together with such patents or patent applications and copyrights, as may be obtained or filed in any country. All copyrightable works created by each Member in furtherance of the Company's business will be considered "work for hire" owned by the Company to the greatest extent permitted by law. At the request and sole expense of Company, a Member shall execute all documents for use in applying for, obtaining and maintaining such patents, trademark or copyrights as Company may desire, and execute and deliver all formal assignments for such Intellectual Property, as necessary to effectuate or evidence the assignment set forth in this Section 13.02. As used in this Section 13.02, the term "Intellectual Property" means all ideas, Inventions (as defined below), improvements, developments and designs (whether or not capable of being patented), works of authorship (including, but not limited to, computer programs and software source code), information fixed in any tangible medium of expression (whether or not protectable under copyright laws), trademarks, trade names, trade secrets, know-how, ideas (whether or not protectable under trade secret laws), and all other subject matter protectable under patent, copyright, trademark, trade secret or other laws, and includes without limitation all new or useful combinations, discoveries, formulae, manufacturing techniques, technical developments, discoveries, artwork, software, and designs relating to the products, services, and the mission of the Company. Intellectual Property that does not, in the reasonable sole discretion of the Company, pertain to the Business, commercial or industrial activities, or mission of the Company shall remain the property of the creating Member. "Intellectual Property" also includes "Inventions," which is defined to mean any inventions protected under any United States or other patent laws, or inventions that any Person was hired by the Company to invent. Members shall disclose promptly and fully to Company all said ideas, inventions, improvements, developments and designs.

## **ARTICLE XIV MISCELLANEOUS PROVISIONS**

**14.01 Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. If executed in multiple counterparts, this Agreement shall become binding when any counterpart or counterparts, individually or taken together, bear the signatures of all of the Initial Members.

**14.02 Specific Exclusion of Federal Law.** Due to the unique nature of the Business and the legal status of cannabis and cannabis-related products and services, any and all references herein to “Applicable Law” and/or “Governmental Authority,” “governing body” and/or “governmental agency” shall specifically and intentionally exclude any federal law, rule or regulation of any federal governmental agency or body that identifies or classifies the growing, production, manufacture, sale and/or possession of cannabis as a crime or otherwise prohibits the growing, production, manufacture, sale and/or possession of cannabis, including, but not limited to, the Federal Controlled Substances Act. No Member shall interpose a defense of illegality to the enforcement of this Agreement.

**14.03 Notices.** Any notice of a meeting or for any other purpose required to be given to a Member under the provisions of this Agreement or by the Act shall be given either personally or by (i) sending a copy thereof by first class or express mail, postage prepaid, or courier service, charges prepaid, to the postal address of the Person appearing on the books of the Company or, (ii) by e-mail or other electronic communication to the Person’s address for e-mail or other electronic communications supplied by the Person to the Company for the purpose of notice. Notice pursuant to this paragraph shall be deemed to have been given to the Person entitled thereto when sent.

**14.04 Entire Agreement.** This Agreement constitutes the entire agreement among the Members with respect to the subject matter hereof and supersedes all prior agreements, express or implied, oral or written, with respect thereto. The express terms of this Agreement control and supersede any course of performance or usage of trade inconsistent with any of the terms hereof.

**14.05 Effect of Waiver or Consent.** A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the period of the applicable statute of limitations has run.

**14.06 Amendment.** No provision of this Agreement or the Certificate of Organization may be amended or modified except upon an affirmative vote of the Board in accordance with the terms and procedures of this Agreement. Any such written amendment or modification will be binding upon the Company and each Member; *provided*, that an amendment or modification modifying the rights or obligations of any Member in a manner that is disproportionately adverse to (i) such Member relative to the rights of other Members in respect of Membership Interests of the same class or series or (ii) a class or series of Membership Interests relative to the rights of another class or series of Membership Interests, shall in each case be effective only with that Member’s consent or the consent of the Members holding a majority of the Membership Interests in that class or series, as applicable. Notwithstanding the foregoing, amendments to the Members Schedule following any new issuance, redemption, repurchase or Transfer of Membership Interests in accordance with this Agreement may be made by the Board without the consent of or execution by the Members.

**14.07 Binding Effect and Rights of Third Parties.** This Agreement has been adopted to govern the operation of the Company and shall be binding on and inure to the benefit of the Members and their respective heirs, personal representatives, successors, and permitted assigns. This Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person, except a Person entitled to indemnification, contribution, or advancement of expenses under ARTICLE XI. Except and only to the extent provided by applicable law, no such creditor or other Person shall have any rights under this Agreement.

**14.08 Governing Law.** This Agreement shall be governed by and interpreted and enforced in accordance with the substantive laws of the State of Massachusetts, without reference to the conflicts of laws rules of that or any other jurisdiction, except that federal law shall also apply to the extent relevant.

**14.09 Arbitration.** All disputes between Members arising under or related to this Agreement or the operation of the Company shall be resolved by arbitration before a single arbitrator, administered by JAMS in Hampshire County, Massachusetts. The arbitrator may assess costs, including attorneys' fees, in such manner as the arbitrator deems fair and equitable. The award of the arbitrator shall be final and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; *provided*, application for the equitable relief set forth in Section 12.04 shall be brought in the State Courts located in Hampshire County, Massachusetts, and each Member hereby consents to the personal jurisdiction of such State Courts in any such action and agrees that no party shall remove or seek to remove any such action to Federal Court.

**14.10 Severability.** If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances shall not be affected thereby and that provision shall be enforced to the greatest extent permitted by law.

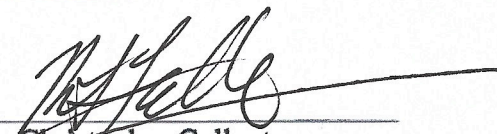
**14.11 Survival.** The rights and obligations set forth in ARTICLES XI, XII, and XIII shall survive the termination of this Agreement and the dissolution and liquidation of the Company, along with any other provision which reasonably ought to survive.


**14.12 Construction.** Whenever the context requires, the gender of any word used in this Agreement includes the masculine, feminine, or neuter, and the number of any word includes the singular or plural. All references to articles and sections refer to articles and sections of this Agreement, and all references to schedules are to schedules attached hereto, each of which is made a part hereof for all purposes. The headings in this Agreement are for convenience only; they do not form a part of this Agreement and shall not affect its interpretation.

*Intentionally Left Blank*

IN WITNESS WHEREOF, the Members of the Company have caused this Agreement to be executed as of the day and year first above written.

MEMBERS:

  
Christopher Gallant

  
Kevin Wu

  
Liam O'Brien

  
David Van Vlierbergen



**SCHEDULE A**

**MEMBERS SCHEDULE**

| <b><u>Member</u></b>  | <b><u>Capital Contribution</u></b> | <b><u>Percentage Interest in the Company</u></b> |
|---|------------------------------------|--|
| Christopher (Kit) Gallant*<br><br>131 Thompson Street, Apt 7E<br>New York, NY 10012       | Services and \$50,000              | 36.25%   |
| Kevin Wu*<br><br>480 John Wesley Dobbs<br>Avenue, Unit 302<br>Atlanta, GA 30312           | Services and \$20,000              | 21.25%   |
| Liam O'Brien*<br><br>296 17 <sup>th</sup> Street, Apt 2,<br>Brooklyn, NY 11215            | Services and \$20,000              | 21.25%   |
| David Van Vlierbergen*<br><br>11 E. 17 <sup>th</sup> Street, Apt 7, New<br>York, NY 10003 | Services and \$20,000              | 21.25%   |
| <b>Total</b>  |                                    | <b>100%</b>                                      |

\*Initial Member

**SCHEDULE B**

**ASSIGNED IP**

[none]

## **EXHIBIT A**

### **FORM JOINDER AGREEMENT**

Reference is hereby made to the Operating Agreement, dated \_\_\_\_\_, 2019, as amended from time to time (the “LLC Agreement”), among \_\_\_\_\_ and Fernway LLC, a limited liability company organized under the laws of Massachusetts (the “Company”). Pursuant to and in accordance with Section 3.01 of the LLC Agreement, the undersigned hereby acknowledges that [he/she/it] has received and reviewed a complete copy of the LLC Agreement and agrees that upon execution of this Joinder, such Person shall become a party to the LLC Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the LLC Agreement as though an original party thereto and shall be deemed, and is hereby admitted as, a Member for all purposes thereof and entitled to all the rights incidental thereto.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the LLC Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of [DATE], 2019.

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## **A. Executive Summary**

Fernway is a cannabis concentrates product manufacturer seeking licensure in the Massachusetts adult-use cannabis market. Fernway will source cannabis oil from a network of trusted Product Manufacturers, manufacture cannabis concentrate-based consumer packaged goods at its processing facility, and sell those products to retail partners across the state. Fernway will also provide white-labeling services to other product manufacturers.

The US legal cannabis market is growing by leaps and bounds. While medical cannabis programs now exist in many US states, more and more states are opening adult-use cannabis markets, with adult-use sales surpassing medical sales for the first time in 2018. Massachusetts, where retail adult-use sales began in November 2018, is the newest and least-saturated adult-use cannabis market in the country. As a result, the Massachusetts adult-use market presents an unrivaled opportunity to build an enduring brand of cannabis products. As a

result, Fernway plans to go to market with a line of vape cartridges - the largest, fastest growing product type.

Fernway is a lean operation with multiple revenue streams, from sales of our vape cartridges to white label contracts for other cannabis businesses. This flexibility in Fernway's business model will permit Fernway to attain profitability swiftly and by using only a fraction of its planned manufacturing capacity.

As of April 2019, Fernway has signed a lease on 12,000 sq. ft. industrial building, secured a host community agreement with the City of Northampton, and opened a cannabis bank account. Fernway has submitted its license application and is planning the renovation of our facility for cannabis product manufacturing, designing our brand and marketing materials, and building our network of product manufacturer-suppliers and dispensaries across the state.

## **B. Our Mission**

***Our mission is to empower people to enjoy cannabis with confidence and ease***

## **C. Our Team**

### ***Christopher (Kit) Gallant - CEO & Founder***

Kit is a cannabis entrepreneur and former attorney. In August 2018, he left his position as an Associate in the Litigation Department of Paul, Weiss, Rifkind, Wharton & Garrison LLP to start Fernway LLC. In that role, Kit represented a wide range of corporate clients—including major financial institutions, private equity firms, a national athletic league, and an automobile manufacturer—in high-stakes lawsuits involving corporate governance matters, employment law, insurance law, product liability, contract law, bankruptcy, and shareholder relations. Before beginning his legal career, Kit was a Teach for America Corps Member in Jackson, Mississippi, where he taught French, coached varsity soccer, and served as faculty representative on the Jackson Public School District's budget committee. After teaching, Kit worked as a Community Advocate for the Southern Poverty Law Center's Youth Justice Project. Kit has a J.D. and a bachelor's degree in History, summa cum laude, from New York University.

### ***David Van Vlierbergen - CFO & Founder***

David is a financial professional focused on public equities in the consumer packaged goods and manufacturing industries, inclusive of US and Canadian cannabis companies. Since 2016, David has worked as an investment analyst at Fine Capital Partners, a \$1B AUM hedge fund based in New York, NY. In his role, he assesses managements' capital allocation, conducts research and maintains financial, operational and valuation models. Prior to his role at Fine Capital Partners, he worked for J.P. Morgan's Chemicals Investment Banking team where he advised clients on M&A, debt and equity financing transactions. David graduated with bachelors'

degrees in Finance and Accountancy, High Honors, from University of Illinois at Urbana-Champaign.

***Kevin Wu - COO & Founder***

Kevin is a management consultant and entrepreneur. During his tenure at Ernst & Young, Kevin specialized in strategic planning, process design, and customer experience. Mr. Wu helped many Fortune 500 clients define their business strategies, design their strategic portfolios, and allocate their funding in alignment with their overall vision. Prior to entering the consulting industry, Kevin was the owner and founder of ATeL Events LLC, a live music and event production company. Kevin grew the company from a small college events company to one of the largest talent buyers and event production companies in the Southeast. Kevin has a Bachelor's of Business degree from Emory University with a focus in Information Systems and Operations Management.

***Liam O'Brien - CMO & Founder***

Liam is a sales & marketing professional specializing in digital media and B2B sales. Liam previously served as the marketing lead at The Moth, a New York-based arts nonprofit which promotes and teaches the craft of live storytelling. Along with promoting The Moth's live events in over thirty international markets, Liam managed content creation and digital strategy for the company's social media audience (420K) and their podcast listenership (1.6M listeners per month). His prior position was at Melville House, an independent book publisher, where he led the company's B2B sales program and built their acclaimed social media presence. Liam has a bachelor's degree in English and Creative Writing from New York University.

## **D. The Opportunity**

***The US Legal Cannabis Market.*** Cannabis is the fastest growing industry in the world. Sales in the legal US adult-use cannabis market reached \$5.8 billion in 2018 (with \$42-51 billion in black market sales), and are forecasted to reach \$17 billion by 2023. The creation of new adult-use markets enjoys broad political and popular support. The US cannabis industry is estimated to have an overall market potential of \$50-55 billion.

***Cannabis Concentrates' Growing Popularity.*** Market data from existing adult-use markets shows an undeniable trend: as markets mature, consumer preferences drive the growth of cannabis concentrate products beyond the growth of flower. Nationally, consumers spent \$2.25 billion on concentrates in 2018, up from \$220 million in 2014, reflecting a 79% CAGR in cannabis concentrate sales from 2014-2018. New and experienced consumers alike appreciate the convenience, purity, healthiness, potency and discretion offered by cannabis concentrates -- and vape cartridges in particular.

***The Massachusetts Adult-Use Cannabis Market.*** As the first adult-use market on the East Coast, Massachusetts presents an unprecedented opportunity to maximize the many benefits of cannabis concentrates for consumers. With the continued prohibition of cannabis at

the Federal level, each state must create its own unique cannabis market. In the case of Massachusetts, the adult-use market is prime for entry by Fernway:

1. Massachusetts is the newest and least saturated adult-use market in the country.
2. Unlike established medical cannabis programs in other states, such as in California, which opened its medical market in 1996, Massachusetts' medical program is young and relatively small. Furthermore, Medical operators in Massachusetts were forced to adopt a sclerotic vertically-integrated structure, which has led to a lack of high-quality products and major supply-chain issues.
  - a. As of January 2019 the medical program served 59,161 patients, which is roughly 0.86% of the state's total population. Meanwhile, the Massachusetts Department of Public Health estimated in June 2018 that 1 in 5 adults in the Commonwealth consumes cannabis at least once a month. The DPH also found that more than half of adults reported using cannabis for non-medical purposes.
3. The relative absence of brand loyalty in Massachusetts' newly formed market offers a long-term opportunity to build a new and enduring cannabis products brand.
4. Massachusetts' progressive and customer-oriented adult-use cannabis regulations place caps on both cultivation volume and the number of licenses any one business can control, limiting the ability of large out-of-state operators to muscle out competition from new market players.
5. High barriers to entry at the municipal level - barriers that have already been overcome by Fernway - will help to limit the number of competitors who can enter the market.
6. Despite a tight supply and a competitive black market, early retail sales have been extremely strong in Massachusetts' adult-use market, with ten dispensaries bringing in \$45 million in revenue in the first ten weeks of adult use sales. The transition away from the black market paradigm, along with tourism from populous neighboring states without adult-use markets, promises to bolster sales further.

***The Absence of Consistently Satisfying Products.*** Despite the rapidly growing popularity of cannabis concentrates, the cannabis manufacturing sector has failed to provide consumers with consistently satisfying concentrate-based products. This is particularly true in relation to vape cartridges, which are both the most popular concentrate-based product type as well as Fernway's flagship product. Consumers of vape cartridges frequently experience hardware malfunctions, unreliable potency, unappealing flavor, and limited shelf stability. These common problems, rooted in an inadequate sector-wide focus on the consumer experience, undermine consumer trust and sabotage brand loyalty. Through its commitment to manufacturing consistently satisfying products, Fernway aims to set a new standard in the cannabis vape cartridge marketplace.

## **E. Strategy**

***The Fernway Model.*** Fernway specializes in product manufacturing in order to maximize facility throughput and to produce the highest quality products. Fernway's focus on product manufacturing gives us the versatility to adapt to market trends, protects us from price

volatility in the wholesale cannabis market, and minimizes the impact of price competition among retailers. Fernway does not cultivate cannabis, and it does not operate retail operations.

Our unique position in the value chain means that we can avoid the supply-chain breakdowns that plague vertically-integrated operators and cultivator/manufacturers alike. Furthermore, our decision not to engage in cultivation creates a greater opportunity to build strategic partnerships with cultivators of all sizes.

As a wholesale buyer and white-label service provider, Fernway must forge strategic partnerships with product manufacturers and dispensaries. Fernway will develop a network of trusted & high-performing supply partners, with the objective of becoming the largest wholesale buyer of cannabis concentrate in the Commonwealth and a “safety net” buyer for small product manufacturers around Massachusetts. Meanwhile, Fernway will work with retail partners to ensure widespread distribution & availability of Fernway-brand products in licensed adult-use dispensaries across Massachusetts. Fernway will provide white-labeling services to our product manufacturing and retail partners as an additional means of building strong ties with members of our supplier network.

***A Core Commitment to Consistently Satisfying Products.*** Fernway believes that consistently satisfying products come from high-quality raw materials. Our strategic long-term partnerships with product manufacturers and our rigorous testing protocols will ensure a reliable supply of quality, pesticide-free, cannabis concentrates.

The next step is refining concentrates with efficiency and precision. Through our commitment to continuous data-driven operational improvements at each stage of the process, Fernway will harness the power of state-of-the-art distillation technology to produce pure distilled concentrates in sufficient quantity to meet rising demand from consumers.

Fernway will use direct partnerships with leading cGMP/ISO-certified manufacturers to offer branded products made with superior hardware and compliant, consumer-friendly packaging at competitive market prices. Fernway’s strategic sourcing, vendor partnerships, and processing capacity will allow Fernway to deliver on its promise of consistent satisfaction for consumers and B2B clients.

The final step is connecting consumers to the exceptional balance of affordability, quality, and consistency that Fernway will offer. By leveraging our extensive in-house marketing expertise to engage customers and drive retail sales, and through our aggressive approach to product distribution, we will ensure that Fernway’s branded products are available at every Massachusetts dispensary where exceptional customer service is the norm.

***Value Proposition.*** By building our brand identity around a consistently satisfying end product, we deliver value to our B2B partners and to consumers:



- **Consumers:** Alluringly flavored, pure, and safe distillate-based vape cartridges, using top-quality hardware and packaging, will deliver the high quality end-user experience that concentrates consumers demand.
- **Product Manufacturers:** By offering up our white-labeling services to expand or enhance manufacturers' operational capabilities, we will provide an affordable alternative to a costly, time-consuming buildout.
- **Retailers:** We will provide a reliable supply of appealing, high-quality products at a competitive price as well as white-labeling services to strengthen house brands.

**Multiple Revenue Streams.** Fernway's business model will be able to generate revenue through multiple revenue streams. Fernway will initially be focused on maximizing sales of our branded concentrate products because they offer the highest net profit per lb. of throughput. Beyond Fernway's own product lines, the company will be able to generate revenue through white-labeling for other brands. This flexibility allows Fernway to maximize the benefits of our high-margin branded products while simultaneously permitting Fernway to capture a larger share of the concentrates market beyond its own product lines and to drive utilization of its manufacturing capacity.

**Our Competitive Edge.** Fernway has many competitive advantages by virtue of its position in the value chain, including our capacity for responding with agility to changes in consumer trends and cannabis regulations. But our competitive advantages extend beyond our critical position in the marketplace:

- Our strategy is founded on lean operations that will allow Fernway to attain profitability quickly; doing so will allow Fernway to largely self-fund expansion to other states as the business matures.
- Fernway's flexible model allows it to pursue opportunities wherever they exist in the market – both in terms of our own branded product offerings and our partnerships with other manufacturers.
- The unique nature of the cannabis industry and its gradual exit from legal prohibition, alongside the relative newness of the Massachusetts market, create an opportunity to build an enduring cannabis brand. Furthermore, based on current market practices, product manufacturers have much greater scope for branding their products than flower, which is often purchased in bulk by dispensaries that use their own brand on the flower they sell.
- Fernway's plan to produce the highest margin products and to offer the highest margin services ensures that Fernway can attain profitability quickly and remain profitable in the long term.
- With its vibrant cultural and academic centers and its cannabis-friendly populace and government, Northampton represents an optimal, centrally-located base for establishing the early B2B and B2C relationships on which we will build our small business' brand.

***Strengths - Weaknesses - Opportunities - Threats (SWOT) Analysis:***

- **Strengths:**

- Lean operations with high throughput capacity to drive growth
- Multiple revenue streams create multiple pathways to positive cash flow
- Single-minded focus on excellence in product manufacturing
- Highest-margin products and services
- Narrow Fernway product line allows for collaboration with premium edibles manufacturers.
- Capable of sourcing cannabis oil from currently-licensed Marijuana Product Manufacturers.
- Weaknesses:
  - Legacy medical cannabis operators in MA do not intend to open their retail space to products from third-party manufacturers in the near term.
  - Lack of in-house engineering expertise
  - Limited shipping infrastructure & logistics expertise
- Opportunities
  - Clear opportunity to build a brand from the ground up
  - Ability to source cannabis oil
  - Unsaturated market with startup-friendly regulations.
  - Scope for building strategic partnerships with large and small operators
- Threats
  - Market entry by well-known West Coast cannabis concentrate brands
  - Constrained supply of biomass during early phase of operations & related high prices for wholesale biomass.
    - First outdoor harvests expected later this year
    -
  - Slow rollout of retail licensure at the state level and obstacles at the local level may lead to fewer open retail outlets than anticipated
  - Uncertainties regarding the future of taxation, banking, and interstate commerce with respect to the cannabis industry nationally.

**Short-Term Strategy.** The core of Fernway's short-term strategy is an aggressive pursuit of market-share for Fernway vape cartridges within the Massachusetts adult-use market. Fernway believes that the key differentiators among vape cartridge brands are:

- Price
  - Price per unit varies significantly in more mature markets, where the price of high-quality premium brand cartridges can be up to 100% more than low-quality, economy and/or house brand cartridges.
- Product Quality
  - Concentrate potency, flavor, and appearance.
  - Hardware user experience, including performance and appearance
- Brand
  - Packaging appearance and functionality
  - Brand design
  - Target audience

- Customer loyalty

As the cannabis product manufacturing industry matures, product quality will likely become increasingly less varied, leaving price and brand as the most significant points of differentiation among vape cartridge brands. However, in the short term, product quality will likely remain both highly variable and an important point of differentiation among brands. Aside from Fernway's central focus on Fernway-brand CPGs, Fernway's white-labeling services give Fernway the flexibility to navigate market trends in a new and dynamic marketplace.

**Long-Term Strategy.** Fernway's long-term strategy has two major components. First, Fernway must execute & validate its business model in the Massachusetts adult-use cannabis market. Due to Fernway's lean operating costs and its high-margin revenue streams, successful implementation of the Fernway Model will serve as a blueprint for profitable, capital-light expansion to other adult-use markets on the East Coast as they come online. Fernway believes out-of-state expansion will be vital to its long-term survival as more and more states' adult-use markets come online.

Second, Fernway would like to shift its manufacturing focus away from distillation and formulation to focus more on vape hardware, sales, and branding/marketing. To that end, Fernway will develop a cooperative approach to manufacturing, wherein Fernway purchases biomass from cultivators, conducts extraction & distillation services through toll-processing partners, and handles product formulation, packaging, and branding internally. By isolating and focusing on the highest-margin segments of the manufacturing process, and by outsourcing the others, Fernway will be able to remain a powerful player in the cannabis vape cartridge market long into the future.

## **F. Execution**

**Where We Are Now.** From the outset, through a strategic approach to its own start-up process, Fernway has positioned itself squarely on the path to success.



Completed Initial Engagement with Phytologix

- Fernway retained cannabis extraction specialist consulting firm Phytologix to analyze key financial assumptions and projections.



Executed Lease

- On February 10, 2019, Fernway entered into a lease of 178 Industrial Drive, in Northampton.
- The lease includes a 10-month permitting period, during which Fernway retains the option to terminate the lease during the pendency of its product manufacturing license application.
  - During the permitting period, Fernway will not be in possession of 178 Industrial Drive. Fernway's triple net obligations under the lease do not commence until Fernway takes possession of the lease.

- 178 Industrial Drive is a 12,000 sq. ft. steel-frame industrial building on a concrete foundation. It was constructed in 2007, and was previously used as office space for a regional career services program.



Retained Phytologix, HybridTech, and HAI Architecture as the design team for the buildout.

- Phytologix specializes in developing site plans for cannabis manufacturing facilities and in project managing cannabis facility design.
  - Darwin Millard, a principal of Phytologix and recognized cannabis extraction & product manufacturing expert, will serve as project manager for the design of Fernway's manufacturing facility
- HybridTech is an M/E/P engineering firm specializing in cannabis and hemp manufacturing facility design. They have helped to design hundreds of manufacturing facilities around the country and work closely with Phytologix.
- HAI Architecture is a Northampton-based architecture firm
  - Don Hafner, a principal of HAI and an experienced architect with a background in medical facility design, will serve as architectural lead for the design of Fernway's manufacturing facility.



Conducted Community Outreach Meeting

- On March 4, 2019, Fernway hosted a Community Outreach Meeting for the community of Northampton on the campus of Smith College.
  - The meeting was attended by community members, local vendors, and other cannabis entrepreneurs from across the Pioneer Valley region.
  - At the conclusion of Fernway's presentation, community members asked questions about Fernway, its business model, its products, and our plans to positively impact the community of Northampton.
  - Fernway's Community Outreach Meeting met or exceeded all requirements set forth in 935 CMR 500.101



Retained Jesse Alderman, of Foley Hoag, as counsel for Fernway

- Jesse has extensive experience with cannabis regulations in Massachusetts, the Cannabis Control Commission, and the state licensing process.



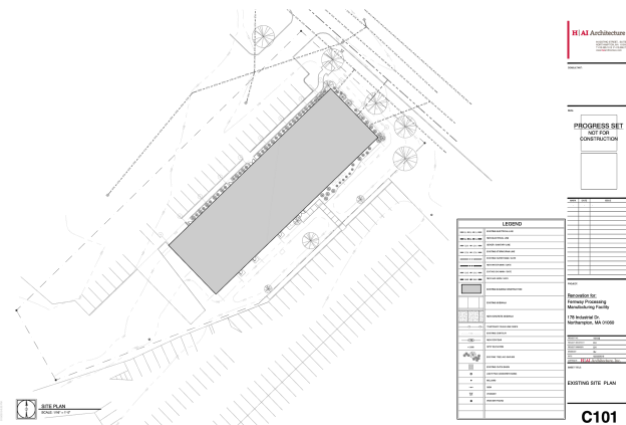
Executed Host Community Agreement

- On March 19, 2019, Fernway and the City of Northampton executed a Host Community Agreement.
- The Host Community Agreement is an agreement between a proposed marijuana establishment and the municipality where that establishment intends to be located. It is a prerequisite to licensure by the Cannabis Control Commission.



Opened Cannabis Business Account at BayCoast Bank

- On March 21, 2019, Fernway opened a cannabis business account at BayCoast Bank in Swansea, MA
- BayCoast Bank is one of the few banks in Massachusetts serving adult-use cannabis businesses. Fernway is one of BayCoast's first cannabis accounts.



- Capacity
  - Designed to meet the growing demands of the Massachusetts adult-use cannabis market
  - Our state-of-the-art small batch manufacturing process will use a spinning band system to distill concentrates safely and efficiently.
- Consistency & Quality
  - Fernway will design its manufacturing facility to ensure production of consistently high-quality concentrates, free of pesticides, heavy metals and residual solvents.
  - Fernway has retained Phytologix and HybridTech to ensure that best practices for cannabis product manufacturing are ingrained at every level of Fernway's
- Flexibility
  - 178 Industrial Drive will allow for Fernway to maximize production of its flagship line of distillate-based vape cartridges while preserving Fernway's ability to expand our manufacturing capabilities to adapt to new market trends in a rapidly changing industry.

**Go-To-Market Strategy.** Fernway's focus on vape cartridges is based on rigorous and wide-ranging analysis of consumer research insights and market data which demonstrate that vape cartridges are the highest-margin cannabis product and the fastest growing cannabis product type in terms of sales. Fernway has begun actively cultivating supply relationships with currently licensed Product Manufacturers in Massachusetts and is fully confident in its ability to source a sufficient quantity of cannabis oil to support Fernway's anticipated production scale. Starting in Q3 2019, Fernway will also begin preparations for launching our initial product line, developing both our marketing plan and product formulations as well as finalizing our hardware supply deals.

Upon commencement of operations, Fernway will immediately begin engaging consumers through extensive multi-channel B2C marketing, with an emphasis on social media networks friendly to cannabis businesses (including Facebook and Instagram). Between Q2 and Q3 2020 we will also gather account feedback and particularized sales data to generate crucial consumer insights, which will inform both our sales strategy and the development of future product lines.

**Personnel Plan.** Upon completion of the buildout, Fernway will hire and train a small initial team of laboratory technicians and packaging & logistics specialists. As Fernway's throughput volume increases, Fernway will hire additional laboratory technicians and packaging & logistics specialists to match the increased workflow as needed.

Fernway does not currently have plans to bring on additional c-suite level employees, but Fernway is in the process of identifying opportunities to leverage expertise related to mechanical/industrial engineering, product formulation, and quality assurance.

## G. Diversity & Inclusion

Fernway believes that a core commitment to social responsibility will provide the greatest value to the Commonwealth and help to remedy the harmful impact of cannabis prohibition. Along with creating a new influx of state and local tax revenue for essential infrastructure and social benefits programs, Fernway will carry out this commitment through its positive impact program and its diversity program.

***Positive Impact Program.*** The goal of this program is to create a measurable positive impact on populations that have been adversely affected by cannabis prohibition. These populations include residents of specific MA municipalities designated by the CCC, participants in state equity programs, and residents with past drug convictions or who have relatives with past drug convictions. In order to achieve our goals of reducing barriers to entry in the adult-use cannabis industry for these populations, as well as provide benefit to these communities as a whole, Fernway will:

- Sponsor and partner with local nonprofits focused on drug rehabilitation, prisoner reentry, restorative justice and youth prevention/education
- Advertise job openings in local media outlets within areas of disproportionate impact
- Offer a paid internship program to aspiring cannabis professionals, with preference given to candidates living in or from areas of disproportionate impact
- Partner with other cannabis businesses to hold job fairs and professional training events for social equity applicants and in areas of disproportionate impact

***Diversity Program.*** The goal of this program is to promote social and professional equity within groups that have been historically excluded from the cannabis industry. As defined by the CCC, these groups include racial minorities, women, veterans, people with disabilities, and people of diverse gender identities and sexual orientations. In order to provide members of these groups with professional access to the adult-use cannabis industry, as well as ensure that Fernway employees who belong to these groups have the tools for success within the organization, Fernway will:

- Develop partnerships with organizations serving these groups for employment referrals, professional networking/mentorship and educational opportunities
- Give hiring preference to individuals from within these groups.
- Advertise job openings tailored to individuals in these groups with career centers, and via media outlets and cultural centers that serve members from these groups
- Observe an internal code of employee conduct to promote cultural sensitivity

To ensure full transparency and accountability, Fernway will also conduct a comprehensive annual evaluation of the measurable social impact of both these initiatives.

## H. Financials

| <b>Annual</b>                                     |                    |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | 12/2019            | 12/2020            | 12/2021            | 12/2022            | 12/2023            |
| <b>Massachusetts vape market</b>                  |                    |                    |                    |                    |                    |
| Retail market - \$M                               | \$500              | \$900              | \$1,300            | \$1,700            | \$2,000            |
| (x) % cartridges as % of retail                   | 22%                | 27%                | 31%                | 36%                | 40%                |
| Retail price                                      | \$65               | \$64               | \$59               | \$53               | \$48               |
| (x) 0.5g units                                    | 1,690,000          | 3,800,000          | 6,830,000          | 11,550,000         | 16,670,000         |
| <b>Cartridge retail market size - \$M</b>         | <b>\$110</b>       | <b>\$243</b>       | <b>\$403</b>       | <b>\$612</b>       | <b>\$800</b>       |
| Markup  | 75%                | 75%                | 75%                | 75%                | 75%                |
| <b>Cartridge wholesale market size - \$M</b>      | <b>\$60</b>        | <b>\$140</b>       | <b>\$230</b>       | <b>\$350</b>       | <b>\$460</b>       |
| Y/y   |                    | 133%               | 64%                | 52%                | 31%                |
| Dispensaries                                      | 40                 | 80                 | 130                | 170                | 220                |
| Y/y   |                    | 100%               | 63%                | 31%                | 29%                |
| <i>Memo: Cartridge wholesale rev / dispensary</i> | <i>\$1,500,000</i> | <i>\$1,800,000</i> | <i>\$1,800,000</i> | <i>\$2,100,000</i> | <i>\$2,100,000</i> |
| <i>Memo: Cartridges units / dispensary</i>        | <i>42,250</i>      | <i>47,500</i>      | <i>52,538</i>      | <i>67,941</i>      | <i>75,773</i>      |
| <b>P&amp;L</b>                                    |                    |                    |                    |                    |                    |
| <b>Market share</b>                               |                    | <b>1%</b>          | <b>3%</b>          | <b>5%</b>          | <b>6%</b>          |
| Net revenue (\$M)                                 |                    | \$1.3              | \$6.6              | \$16.7             | \$27.0             |
| (-) variables COGS                                |                    | (\$0.7)            | (\$3.7)            | (\$9.8)            | (\$15.0)           |
| Gross profit (\$M)                                |                    | \$0.6              | \$2.9              | \$6.9              | \$12.0             |
| (-) Overhead, taxes                               |                    | (\$1.0)            | (\$2.0)            | (\$4.0)            | (\$7.0)            |
| <b>Net profit (\$M)</b>                           |                    | <b>(\$0.4)</b>     | <b>\$0.8</b>       | <b>\$2.9</b>       | <b>\$5.0</b>       |
| <b>Unit economics per 0.5g cartridge</b>          |                    |                    |                    |                    |                    |
| Wholesale average sale price                      |                    | \$35               | \$32               | \$29               | \$27               |
| (-) variable COGS                                 |                    | (\$19)             | (\$18)             | (\$17)             | (\$15)             |
| Gross profit                                      |                    | \$16               | \$14               | \$12               | \$12               |
| (-) Overhead, taxes                               |                    | (\$26)             | (\$10)             | (\$7)              | (\$7)              |
| <b>Net profit</b>                                 |                    | <b>(\$10)</b>      | <b>\$4</b>         | <b>\$5</b>         | <b>\$5</b>         |
| <b>Operations</b>                                 |                    |                    |                    |                    |                    |
| Units (0.5g cartridges)                           |                    | 38,000             | 204,900            | 577,500            | 1,000,200          |
| Kilos of oil distilled                            |                    | 21                 | 111                | 312                | 540                |
| FTEs  |                    | 9                  | 13                 | 21                 | 30                 |



**Fernway LLC**  
**PLAN FOR OBTAINING LIABILITY INSURANCE**

As required by 935 CMR 500.101(1)(c)(6), Fernway LLC (“Fernway” or the “Company”) submits the following plan for obtaining liability insurance that meets the requirements of 935 CMR 500.105(10), for its prospective Marijuana Establishment (Fernway’s “Insurance Plan”).

Fernway will secure a General Liability and Product Liability insurance policy through insurance agent Beth Pearson of Pearson Wallace Insurance LLC, located at 25 Henry Avenue, Pittsfield MA, 01201.<sup>1</sup> Other insurance policies available to Fernway through Pearson Wallace Insurance include Property, Business Personal Property, Product Recall, Workers’ Compensation, Crime and Security, Cyber Security (protecting the integrity of Fernway’s Seed-to-Sale tracking system and electronic records retention, as described in Fernway’s Recordkeeping Plan), Auto Liability, Business Continuity and Interruption, Employment Practices Liability (Discrimination, Harassment and Hiring Practices) and Directors & Officers Liability.

As required by 935 CMR 500.105(10)(a), the General Liability policy secured through Pearson Wallace Insurance LLC will provide for coverage of no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually, and the Product Liability policy secured through Pearson Wallace Insurance LLC will provide coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually. The deductible for each policy will not be higher than \$5,000 per occurrence, as required by 935 CMR 500.105(10)(a).

If Fernway is, at any point, unable to obtain or otherwise maintain general liability and/or product liability insurance, for any reason, the Company will, in strict accordance with 935 CMR 500.105(10)(b), document its inability to obtain the minimum liability insurance coverage as required by 935 CMR 500.105(10)(a), and place \$250,000 (or such other amount as approved by the Commission) in an escrow account, to be expended for the coverage of liabilities. In the event that Fernway is required to open and fund an escrow account pursuant to 935 CMR 500.105(10)(b), such escrow account will be replenished within ten business days of any expenditure of funds from that account, as required by 935 CMR 500.105(10)(c).

Fernway will document compliance with 935 CMR 500.105(10) in a manner and form determined by the Commission pursuant to 935 CMR 500.000, as required by 935 CMR 500.105(10)(d). Fernway is mindful that any failure to comply with the insurance provisions set forth in 935 CMR 500 constitutes grounds for the denial of a renewal application, and/or suspension and/or revocation of its License, as set forth in 935 CMR 500.450(3).

<sup>1</sup> See <https://www.pearsonwallace.com/cannabis-insurance>

**Fernway LLC**  
**PLAN FOR RESTRICTING ACCESS TO INDIVIDUALS AGE 21 AND OLDER**

As required by 935 CMR 500.105(1)(p), the following sets forth written operating procedures and policies that Fernway LLC (“Fernway” or the “Company”) will implement to protect against diversion of Marijuana to individuals who are under 21 years of age. As described below, Fernway’s procedures and policies extend to: (i) access to Fernway’s manufacturing facility; (ii) the production of Fernway’s Marijuana Products; (iii) Fernway’s marketing activities; and (iv) personnel training. As required by 935 CMR 500.101(1)(a)(9)(f)(iii), the steps outlined below were presented to Fernway’s host community, during its community outreach meeting.

**Restricting Access to Fernway’s Manufacturing Facility**

Fernway will not permit individuals under the age of 21 to work, visit, or otherwise access its manufacturing facility. To effectuate this policy, and as required by 935 CMR 500.030(1)(a), all Marijuana Establishment Agents employed, appointed, or otherwise retained by Fernway, (defined by 935 CMR 500.002 as all board members, directors, employees, executives, managers, volunteers (if any)) will be 21 years of age or older. A “Marijuana Establishment Agent” also includes outside vendors who provide on-site services to Fernway related to the preparation, packaging, storage, testing, and/or dispensing of Marijuana or Marijuana Products. “Visitors” to Fernway’s manufacturing facility is defined by 935 CMR 500.002 as an individual, other than a Marijuana Establishment Agent, authorized by the Marijuana Establishment, on the premises of such establishment for a purpose related to its operations and consistent with 935 CMR 500.000 (the “Act”), must also be over 21 years of age. Inasmuch as Fernway’s manufacturing facility consists of an indoor area equipped with locks or other security devices, accessible only to Marijuana Establishment Agents or Visitors (who are over 21 years of age), Fernway’s manufacturing facility constitutes an “Enclosed Area,” within the meaning of 935 CMR 500.002.

Fernway’s manufacturing facility will have a main entrance for Marijuana Establishment Agents and authorized visitors and a separate secure vehicle entrance for delivery vehicles only. In order to ensure that only Marijuana Establishment Agents and authorized Visitors over the age of 21 can enter the facility, Fernway’s main entrance will open into a security vestibule where all Marijuana Establishment Agents and visitors will positively identify themselves to the Security Director or other security personnel. All Marijuana Establishment Agents, Visitors, and third-party vendors will be required to enter this secure vestibule, where the Security Director will use a digital identification verification scanner to verify proof of identification and age. Acceptable forms of identification must be photographic, government-issued, and containing a date of birth (as required by M.G.L. c. 94G § 9(b)) and will include: (i) valid (non-expired) State-issued driver’s license or identification card; (ii) expired State-issued driver’s license or identification card with receipt of renewal from the Department of Motor Vehicles; (iii) valid (not expired) Green Card; (iv) valid (not expired) Passport; and/or (v) other forms of photo identification approved by Fernway that otherwise meet the requirements of M.G.L. c. 94G § 9(b). Unacceptable forms of identification include, for example: (i) any form of identification that is expired; (ii) cards issued by a physician’s office or another Marijuana Establishment; (iii)

photocopies of State-issued identification; or (iv) identification without photo identification or birth date.

Regardless of the purpose of an individual's visit to the facility, only individuals who are 21 years of age or older will be granted access, as set forth above and otherwise required by the security directives set forth in 935 CMR 500.110(1)(a). Representatives of other Marijuana Establishments delivering cannabis oil/Marijuana Products to Fernway's manufacturing facility will announce the delivery before departing from their originating location and, upon arrival, will drive their delivery vehicle into a secure sally port, the secure components of which are described in detail in Fernway's Security Plan. In the secure sally port, the Security Director or other security personnel will positively identify the Marijuana Establishment Agents transporting the Marijuana Products by inspecting their Registration Cards to verify their registration status before initiating intake procedures, as also required by 935 CMR 500.110(1)(a). For further information on Fernway's intake and delivery procedures, please refer to Fernway's Transportation Plan, Dispensing Procedures Plan, and Inventory Plan.

All outside vendors, contractors, and other Visitors must contact Fernway's security personnel to schedule their visit to Fernway's manufacturing facility in advance of their arrival at the facility. Unscheduled Visitors will not be permitted entrance. All outside vendors, contractors, and Visitors will be logged in upon their arrival to the facility and logged out of the facility upon their departure. The log will contain fields for: name, organization (if any), host, verification of photo identification, date, time in, and time out, and will be filled out by the employee granting access, to ensure legibility and completeness. Any unrecognized or unauthorized persons will be challenged and, if necessary, referred to the Security Director or law enforcement. This log, an example of which is depicted below, shall be available for inspection by the Commission at all times.

## Fernway Visitor Log

All unknown visitors must present government issued photo identification,  
and all visitors must be issued temporary identification passes and escorted while on premises.  
*The employee granting access should complete this form, not the guest, to ensure legible and complete entries.*

| Printed Name | Organization | Host | Photo ID<br>Verified<br>(Y/N) | Date | Time In | Time Out |
|--------------|--------------|------|-------------------------------|------|---------|----------|
|              |              |      |                               |      |         |          |
|              |              |      |                               |      |         |          |
|              |              |      |                               |      |         |          |
|              |              |      |                               |      |         |          |

The town of Northampton has adopted a 200-foot buffer zone between all Marijuana Establishments and any existing public or private schools providing education in kindergarten or grades 1-12, pursuant to 935 CMR 500.110(3). Fernway's manufacturing facility is located at 178 Industrial Drive, Northampton MA 01060. As depicted below, there are no existing public or

private schools providing education in kindergarten or grades 1-12 within 200 feet of 178 Industrial Drive.



### **Restricting Access to Fernway Marijuana Products**

The Marijuana Products manufactured by Fernway intended for Consumers will only be sold at Marijuana Retailers that Fernway has thoroughly vetted to ensure that robust protections are in place to prevent the practice of “looping”, i.e. violations on the limitations on retail sales detailed in 935 CMR 500.140(3)-(4), as well as on-premises positive identification and age verification protocols, requiring Consumers and Visitors to present government-issued photo identification confirming that such individuals are 21 years of age or older, as required by 935 CMR 500.140(2). Fernway is mindful that repeated sales of Marijuana Products to individuals younger than 21 years old (unless, in each instance, the Marijuana Establishment Agent reasonably relied upon validly-issued governmental identification in compliance with M.G.L. c. 94G § 9(b)) or without verifying the age of an individual prior to permitting that individual on the premises of a Marijuana Establishment or making sales to that individual, constitutes grounds for denial of renewal applications, suspension, and/or revocation of a License, as set forth in 935 CMR 500.450(7)(d)-(e).

As described in greater detail in Fernway’s Product Description Plan, all products manufactured by Fernway for sale to Consumers will be packaged in tamper or child-resistant packaging, such as SecurSlide,<sup>1</sup> that is opaque and plain in design, not easily openable with scissors, and certified by a qualified testing firm that the packaging is compliant with most recent poison prevention packaging regulations of the US Consumer Product Safety Commission as included at 16 CFR 1700, as required by 935 CMR 500.105(6)(a)(1). As described in Fernway’s Diversion Prevention Plan, in order to actively prevent packaging from having any visual appeal to minors, packaging will not include any of the design elements prohibited in 935 CMR 500.105(6)(b) (including, without limitation, use of “neon” colors, cartoons, images of children, or words that refer to products that are commonly associated with minors or marketed to minors). Per 935 CMR 500.105(7), in order to ensure that Fernway’s packaging is sufficiently tamper and

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<sup>1</sup> <https://assurpack.com/packaging/securslide/>

child-resistant, Fernway intends to submit its intended packaging and label design to the Commission for pre-approval, though it recognizes that this packaging and labeling pre-approval process shall in no way substitute for compliance with 935 CMR 500.105(4) through (6).

As also described in Fernway's Product Description Plan, the Marijuana Products that will be manufactured by Fernway will be labeled in full compliance with the requirements of 935 CMR 500.105(5)(c), including the requirement that the full statement in 935 CMR 500.105(5)(c)(13) include the capitalized sentence "KEEP THIS PRODUCT AWAY FROM CHILDREN" and the requirement in 935 CMR 500.105(5)(c)(15) that all Marijuana Products include the symbol stating "NOT SAFE FOR KIDS."



### **Restricting Access to Fernway Marketing**

All Fernway marketing, advertising, and branding activities will comply fully with the requirements of 935 CMR 500.105(4), including all prohibitions regarding marketing and advertising that targets individuals under the age of 21.

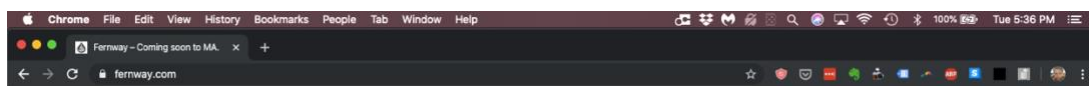
In this connection, Fernway will, in accordance with 935 CMR 500.105(4)(a) only sponsor charitable, sporting, or other similar events if Fernway has a reasonable expectation that at least 85% of the audience will be 21 years of age or older, as determined by reliable, current audience composition data,<sup>2</sup> as required by 935 CMR 500.105(4)(a)(2). All marketing, advertising and branding produced by or on behalf of Fernway will include the statement required by 935 CMR 500.105(4)(a)(6), including the capitalized sentence "KEEP THIS PRODUCT AWAY FROM CHILDREN." And while Fernway has a choice among disclaimers when marketing, advertising, and branding is created for viewing by the public, pursuant to 935 CMR 500.105(4)(a)(5), it will endeavor to include the following disclaimer specifically directed at preventing diversion to minors: "For use only by adults 21 years of age or older. Keep out of reach of children."

In addition, Fernway will engage in reasonable marketing, advertising and branding practices that are not otherwise prohibited in 935 CMR 500.105(4)(b). Fernway's marketing, advertising, and branding practices will exclude, among other things: (i) advertising, marketing and branding by means of television, radio, internet, mobile applications, social media, or other electronic communication, billboard, or other outdoor advertising, or print publication, unless at

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<sup>2</sup> Sources of real-time audience data that Fernway may use to determine audience composition include Sightcorp, TruMedia, Quividi, reLEYEble, stickyPiXEL, Cognitec, goCount, and CognoVision.

least 85% of the audience is reasonably expected to be 21 years of age or older as determined by reliable and current audience composition data (as prohibited by 935 CMR 500.105(4)(b)(2)); (ii) advertising, marketing, and branding that utilizes statements, designs, representations, pictures, or illustrations that portray anyone younger than 21 years old (as prohibited by 935 CMR 500.105(4)(b)(3)); (iii) advertising, marketing and branding including, but not limited to, mascots, cartoons, brand sponsorships, and celebrity endorsements, that is deemed to appeal to a person younger than 21 years old (as prohibited by 935 CMR 500.105(4)(b)(4)); (iv) advertising, marketing, and branding at, or in connection with a charitable, sporting, or similar event, unless at least 85% of the audience is reasonably expected to be 21 years of age or older, as determined by reliable, current audience composition data (as prohibited by 935 CMR 500.105(4)(b)(12)); and (v) operation of a website that fails to verify that an entrant is 21 years of age or older (as prohibited by 935 CMR 500.105(4)(b)(13)). Fernway's website currently has an age-gate in place, depicted below.



### **Marijuana Establishment Agent Training**

As required by 935 CMR 500.105(2)(a), Fernway will ensure that all Marijuana Establishment Agents undergo training prior to performing job functions, that is tailored to the roles and responsibilities of the job function of each Marijuana Establishment Agent. This training must, at a minimum include Responsible Vendor Training, per 935 CMR 500.105(2)(b), which further includes, per 935 CMR 500.105(2)(b)(7)(b), among other aspects of its core curriculum, diversion prevention and prevention of sales to minors, including best practices.

**Fernway LLC**  
**QUALITY CONTROL AND TESTING**

Per 935 CMR 500.101(1)(c)(8)(f), the following consists of a summary of detailed, written operating procedures for quality control and product testing that are required by 935 CMR 500.105(1)(h), including product testing for contaminants, that will be implemented by Fernway LLC (“Fernway” or the “Company”).

**Quality Control**

As described below, to ensure that the Marijuana Products manufactured by Fernway will meet both the Commission’s and Consumer demands for quality, Fernway has adopted a series of quality control measures that meet and exceed the Commission’s requirements. Fernway firmly believes that quality control begins with sourcing. To reduce the potential for mold, pests, and other contamination, Fernway will obtain cannabis oil only from product manufacturers who (i) provide Fernway with testing results from an Independent Testing Laboratory showing their cannabis oil was deemed to comply with the standards required under 935 CMR 500.160; (ii) prioritize testing and safe, clean manufacturing practices; and (iii) are committed to proper storage and humidity control techniques. Fernway will store and process all cannabis oil in a safe and sanitary manner, as required by 935 CMR 500.105(3)(a). In this connection, Fernway will process cannabis oil that is free of dirt, sand, debris and other foreign matter; free of contamination by mold, rot, other fungus, and bacterial diseases; prepared and handled on food-grade stainless steel tables; and stored, processed, and packaged in Limited Access Areas. As required by 935 CMR 500.105(3)(b)(1), all Marijuana Establishment Agents who are employees of Fernway and whose job includes contact with nonedible Marijuana Products, including cannabis oil, will comply with the requirements for food handlers specified in 105 CMR 300.000: *Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements*.

Furthermore, all employees who handle nonedible Marijuana Products, including cannabis oil, will maintain a high degree of personal cleanliness and wash hands thoroughly in an adequate hand-washing area before starting work, and at any other time when hands have become soiled or otherwise contaminated, as required by 935 CMR 500.105(3)(b)(2). In this regard, each employee must, at a minimum, wash their hands before beginning work and returning to work after taking breaks, going to the restroom, eating, smoking, or whenever their hands are may have become soiled or contaminated. All Marijuana Establishment Agents will wear sanitary plastic gloves at all times in all Limited Access Areas of the Fernway manufacturing facility where cannabis oil is stored, processed, and packaged. Signs will be posted in restrooms, eating areas, and smoking areas to instruct Marijuana Establishment Agents to wash their hands before beginning and returning to work. As required by 935 CMR 500.105(3)(b)(3), all employees will have access to multiple conveniently located hand-washing stations; all hand washing stations will be equipped with running water at a suitable temperature, hand-cleaning and sanitizing preparations, and a sanitary towel service. The manufacturing facility will also have an anteroom equipped with sanitary and protective clothing for employees. Employees will change into such sanitary and protective clothing prior to entering the processing areas of the facility.



All processing areas in Fernway's manufacturing facility will utilize food-grade stainless steel tables and tools and shall contain sufficient storage for maintenance of sanitary conditions, as required by 935 CMR 500.105(3)(b)(4). All tools will be sanitized prior to and after every use and stored in an organized manner within the processing area when not in use or at the end of each shift. Other supplies necessary for sanitary processing of cannabis oil, including gloves and containers, will also be stored in an organized manner inside the processing areas, as required by 935 CMR 500.105(3)(b)(4). Additionally, the processing areas of Fernway's manufacturing facility will be manufactured as clean rooms to prevent contamination. For further information on Fernway's products and methods of production, please refer to Fernway's Product Description Plan and Methods of Production Plan, respectively.

During and at the completion of each shift, all litter and waste generated in the processing areas will be removed and disposed of in a manner designed to minimize the development of odor and the potential for waste attracting and harboring pests, as required by 935 CMR 500.105(3)(b)(5). All operating systems for waste disposal shall be maintained in full compliance with the requirements for waste disposal set forth in 935 CMR 500.105(12). For more information on Fernway's waste disposal procedures, please reference Fernway's Inventory Management Plan.

All contact surfaces, including all processing equipment, utensils, and processing areas, will be sanitized at the beginning, middle, and end of each 8-hour shift. All floors walls and ceilings in the processing areas of the facility will be constructed using an epoxy coating or similar treatment to ensure they can be maintained in good repair and will be able to withstand daily sanitizing, in full compliance with the requirements of 935 CMR 500.105(3)(b)(6).

All processing, storage, and cleaning areas of the facility will be equipped with energy efficient safety lighting, and all lighting will undergo monthly maintenance and repairs whenever needed, meeting and exceeding the requirements of 935 CMR 500.105(3)(b)(7). Fernway's building, all fixtures, and other physical facilities will be maintained in a sanitary condition and will be cleaned and sanitized at least once daily, meeting and exceeding the requirements of 935 CMR 500.105(3)(b)(8). Furthermore, all contact surfaces, including utensils and equipment, will be maintained in a clean and sanitary condition and will be cleaned and sanitized as frequently as necessary to protect against contamination, but not less than at the beginning, middle, and end of each 8-hour shift, meeting and exceeding the requirements of 935 CMR 500.105(3)(b)(9). All contact surfaces will be sanitized using a sanitizing agent registered by the US Environmental Protection Agency (EPA), in accordance with all labeled instructions, as required by 935 CMR 500.105(3)(b)(9). As also required by 935 CMR 500.105(3)(b)(9), all equipment and utensils selected for use at the Fernway manufacturing facility will be of such material and workmanship that they can withstand cleaning and full sanitization during every 8-hour shift.

All toxic items, if any, will be identified, held, and stored in a manner that protects against contamination of Marijuana Products, as required by 935 CMR 500.105(3)(b)(10). While Fernway's manufacturing process will utilize non-toxic food grade ethanol, Fernway will store the ethanol in compliance with all applicable local, state, and federal laws, and shall store all ethanol in sanitary containers and jacketed steel vessels, both of which are designed specifically for safe and secure ethanol storage.



While Fernway's manufacturing process will not use a significant volume of water, Fernway's manufacturing facility will have a safe, potable, and adequate water supply, as required by 935 CMR 500.105(3)(b)(11). The plumbing in place at Fernway's manufacturing facility will be adequately installed and maintained and will be capable of carrying sufficient quantities of water to all required locations throughout the facility. In this connection, plumbing will convey sewage and non-toxic liquid disposable waste from the manufacturing facility and shall do so without any cross-connections between the potable and waste water lines, as required by 935 CMR 500.105(3)(b)(12). Fernway's facility will have readily accessible toilet facilities and shall maintain them in a sanitary condition and in good repair, as required by 935 CMR 500.105(3)(b)(13).

While neither the cannabis oil used to manufacture Fernway products nor Fernway's finished Marijuana Products will support the rapid growth of undesirable microorganisms, Fernway will design its Marijuana storage areas to prevent the growth of such microorganisms, as required by 935 CMR 500.105(3)(b)(14). This includes maintaining very low levels of moisture in the storage areas of the facility, and storing cannabis oil in secure containers inside a dark, cold storage area, as required by 935 CMR 500.105(3)(b)(15). Additionally, Fernway will only accept deliveries of cannabis oil from other licensed Marijuana Establishments when, as also described above, such cannabis oil has been tested by an Independent Testing Laboratory and deemed to comply with the standards required under 935 CMR 500.160; is; free of dirt, sand, debris and other foreign matter; and free of contamination by mold, rot, other fungus, and bacterial diseases.

All vehicles and transportation equipment used to transport Fernway's Marijuana Products will be designed, maintained, and equipped with robust temperature control capabilities in full compliance with 21 CFR 1.908(c), as required by 935 CMR 500.105(13)(a)(14).

Fernway has retained the services of Phytologix LLC, a process-train engineering firm with extensive experience designing manufacturing processes for marijuana product manufacturers, for the design of Fernway's manufacturing processes. Through its engagement with Phytologix, Fernway will ensure that manufacturing best practices, including measures to prevent contamination and to control quality, are integrated into the design of Fernway's manufacturing facility. Along with designing the manufacturing facility to ensure quality, Fernway will also conduct regularly scheduled inspections and maintenance, at least twice monthly, of all manufacturing equipment in use on the Premises.

### **Product Testing**

As required by 935 CMR 500.160(10), Fernway will only purchase cannabis oil, and will only wholesale Marijuana Products, that have been tested by an Independent Testing Laboratory and deemed to comply with the standards required under 935 CMR 500.160. As required by 935 CMR 500.002, Fernway will confirm that the Independent Testing Laboratory is licensed by the Commission and (a) accredited to the International Organization for Standardization 17025 (ISO/IEC 17025: 2017) by a third-party accrediting body that is a signatory to the International Laboratory Accreditation Accrediting Cooperation mutual recognition arrangement or that is

otherwise approved by the Commission; (b) independent financially from any Medical Marijuana Treatment Center (MTC), Marijuana Establishment or licensee for which it conducts a test; and (c) qualified to test Marijuana in compliance with 935 CMR 500.160 and M.G.L. c. 94C, § 34.

Fernway will only work with an Independent Testing Laboratory that has the ability to store all Marijuana on its premises in compliance with 935 CMR 500.105(11), as required by 935 CMR 500.160(8). All excess Marijuana provided to an Independent Testing Laboratory for testing by Fernway will be disposed of by the Independent Testing Laboratory or returned to Fernway for disposal, as required by 935 CMR 500.160(9). Fernway has identified two (2) Independent Testing Laboratories currently licensed (at the time of submission of this Application) to conduct independent testing of adult-use Marijuana and Marijuana Products in Massachusetts: CDX Analytics and MCR Labs.

Fernway understands that it may not sell any Marijuana Products or otherwise market such products for adult-use unless such products are capable of being tested by an Independent Testing Laboratory, as required by 935 CMR 500.160(1). As noted above, Fernway will utilize the services of an Independent Testing Laboratory licensed by the Cannabis Control Commission, and, as further required by 935 CMR 500.160(1), the testing of Fernway's Marijuana Products conducted by that independent testing laboratory will comply fully with M.G.L. c. 94G, § 15 and the *Protocol for Sampling and Analysis of Finished Medical Marijuana Products and Marijuana-Infused Products*, as amended in November 2016, published by the Massachusetts Department of Public Health (the "DPH Protocols"). Fernway products will be tested by an Independent Testing Laboratory to determine their cannabinoid profile, residual solvents, heavy metals, pesticide residues and plant growth regulators, microbiological contaminants and mycotoxins. As required by 935 CMR 500.105(5)(c), Fernway Marijuana Product labels will include, among other things, a list of ingredients (including specific terpenes), the full cannabinoid profile of the Marijuana contained within the Marijuana Product (the amount of delta-nine tetrahydrocannabinol (9-THC) and other cannabinoids in the package and in each serving of a Marijuana Product as expressed in absolute terms and as a percentage of volume), and, as required by 935 CMR 500.105(5)(c)(11), a statement and a seal that the product has been tested for contaminants, that there were no adverse findings, and the date of testing in accordance with M.G.L. c. 94G, § 15.

In compliance with 935 CMR 500.160(3), Fernway will have a written policy for responding to laboratory results that indicate contaminant levels are above acceptable limits established in accordance with M.G.L. c. 94G, § 15, including but not limited to the DPH Protocols. Fernway's policy will require that Fernway directly notify the Commission within 72 hours of any laboratory testing results indicating that the contamination cannot be remediated. The policy will also require Fernway to dispose of the contaminated Production Batch. In the event that Fernway receives testing results from an Independent Testing Laboratory indicating that the contamination cannot be remediated, Fernway will ensure that the Independent Testing Laboratory directly and separately notifies the Commission within 72 hours of generating such laboratory testing results. As required by 935 CMR 500.160(3), Fernway's notice will describe a proposed plan of action for safely destroying the contaminated product and an assessment of the source of contamination.

All testing results, including Fernway's in-house testing results and the results of all testing conducted on Fernway products by an independent testing laboratory, will be retained in Fernway's records for at least one (1) year, as required by 935 CMR 500.160(4)

Transportation of Fernway's Marijuana Products to and from Independent Testing Laboratories providing Marijuana testing services will comply fully with 935 CMR 500.105(13). For further detail on Fernway's plan to ensure all transportation is conducted in compliance with 935 CMR 500.105(13), please refer to Fernway's Transportation Plan.

**Fernway LLC**  
**PERSONNEL POLICIES INCLUDING BACKGROUND CHECKS PLAN**

Fernway LLC (“Fernway”) will comply with all regulations concerning the registration of all Marijuana Establishment Agents, including background checks, and will maintain robust personnel policies and procedures regarding the conduct of Marijuana Establishment Agents employed by Fernway. To that end, Fernway submits this Personnel Policies Including Background Checks Plan (“Personnel Policies Plan”). Fernway will conduct background checks on all potential Marijuana Establishment Agents in accordance with 935 CMR 500.030, 935 CMR 500.800, and 935 CMR 500.802; establish and maintain robust personnel policies and procedures regarding the conduct of all Marijuana Establishment Agents; ensure the ongoing safety and security of all Marijuana Establishment Agents pursuant to 935 CMR 500.105(1); and implement detailed written operating procedures with respect to a staffing plan and creating and keeping personnel records in compliance with 935 CMR 500.105(1)(i) and 935 CMR 500.105(9). For further information on Fernway’s staffing plan, anticipated positions, and employee qualifications, please refer to Fernway’s Qualifications and Training Plan.

**Background Checks**

Before being presented with an official offer to join Fernway, every potential Marijuana Establishment Agent must pass a background check to verify their suitability for registration as a Marijuana Establishment Agent consistent with the provisions of 935 CMR 500.800 and 935 CMR 500.802. Fernway, however, will not require a background check for individuals who already have been registered by the Commission as a Marijuana Establishment Agent, unless such individuals cannot provide sufficient documentation establishing their prior registration and that their registration as a Marijuana Establishment Agent is in good standing at the time of hire, including, but not limited to a valid Registration Card. If an applicant’s background check reveals any offense(s) or information that would result in a Presumptive Negative Suitability Determination for Marijuana Establishment Agent Registration, as defined in 935 CMR 500.802 (Table C), Fernway will not extend an official offer to the applicant.

All background checks will be administered in accordance with the provisions of 935 CMR 500.800 and 935 CMR 500.802, by an Executive who will be registered with the Department of Criminal Justice Information Systems pursuant to 803 CMR 2.04: iCORI Registration. The registered Executive will be responsible for obtaining CORI reports for all individuals applying for registration as a Marijuana Establishment Agent (which will be obtained for each individual 30 days or less before submission of the individual’s application for a Marijuana Establishment Agent Registration Card) and submitting those CORI reports to the Commission in connection with each individual’s application in compliance with 935 CMR 500.030(3). In addition, in accordance with 935 CMR 500.030(2)(f), all background checks will include the following information:

1. A description and the relevant dates of any criminal action under the laws of the Commonwealth, or another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority, whether for a felony or misdemeanor and which resulted in conviction, or guilty plea, or plea of nolo contendere, or admission of sufficient facts;
2. A description and the relevant dates of any civil or administrative action under the laws of the Commonwealth, another state, the United States or foreign jurisdiction, or a

military, territorial, or Native American tribal authority relating to any professional or occupational or fraudulent practices; a description and relevant dates of any past or pending denial, suspension, or revocation of a license or registration, or the denial of a renewal of a license or registration, for any type of business or profession, by any federal, state, or local government, or any foreign jurisdiction;

3. A description and relevant dates of any past discipline by, or a pending disciplinary action or unresolved complaint by, the Commonwealth, or a like action or complaint by another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority with regard to any professional license or registration held by the applicant;

Once a background check is performed and passed, and the individual accepts a formal offer to join Fernway as a Marijuana Establishment Agent, Fernway will gather all other information required by 935 CMR 500.030(2) and submit the individual's application for a Marijuana Establishment Agent Registration Card to the Commission, together with the applicable application fee.

### **Personnel Policies**

Fernway will adopt written personnel policies, which will be included in the Fernway Employee Handbook. New Marijuana Establishment Agents will be provided with both print and digital copies of the Fernway Employee Handbook, which Marijuana Establishment Agents must read and acknowledge during onboarding as described in the Fernway Qualifications & Training Plan. The Fernway Employee Handbook will include all Fernway personnel policies and procedures, including but not limited to the following:

- Company History
- Paid Time Off Policy
- Employee Code of Conduct
- Time and Attendance
- Alcohol, Smoke and Drug-Free Workplace Policy
- Emergency Procedures and Disaster Plan
- A policy for discipline and dismissal of Marijuana Establishment Agents (as described below in the Section relating to Performance and Discipline Policies)
- Diversion Prevention Plan
- Hygiene and Cleanliness
- Safety (including applicable OSHA regulations)
- Pay and Benefits
- Sexual Harassment

Current versions of all Fernway manuals, policies, and procedures will be stored online in a manner accessible to Fernway's Marijuana Establishment Agents and the Commission, and in hard copy at Fernway's registered Premises. Employee access to any digital or hard copies of manuals, policies and procedures that are confidential (including, but not limited to, Standard Operating Procedures ("SOPs")) will be controlled in the manner detailed in the Fernway Security Plan and in accordance with the requirements of 935 CMR 500.105(1)(k). Manuals, policies and procedures that are not confidential will be stored online and will be made available in hard copy in the employee breakroom. If any Fernway manuals, policies or procedures include confidential

information, these will be available in hard copy on a limited basis as further detailed in the Fernway Security Plan. Manuals, policies and procedures that are not confidential will include, but not be limited to, the following:

- Company Employee Handbook
- Safety Manual
- Adult Use of Marijuana Rules and Regulations 935 CMR 500.001 *et seq.*

Employees will be encouraged to voice any questions or concerns on workplace issues during staff meetings, directly to the Human Resources Manager, or anonymously, depending on preference.

### **Employee Safety**

Fernway will be operating in a high-security environment, and employee safety and security is a top priority. Every employee will be trained to identify and neutralize or avoid security and safety threats at every stage of their job duties through strict adherence to standard operating procedures, awareness, reporting, and responsible incident management. All Fernway employees will be subject to extensive training, both before and after commencing employment, in full compliance with 935 CMR 500.105(2).

Training on Fernway security measures and policies will be conducted by Fernway's Security Director and cover all aspects of the Fernway Security Plan that relate to a given employee's job duties including, but not limited to: restricting access to Fernway's registered premises to individuals age twenty-one (21) or older; secure entry and exit procedures; delivery intake; product transportation; diversion prevention; record keeping; incident reporting; and information security. For further information on Fernway's security policies and procedures, please refer to Fernway's Security Plan.

Fernway's Security Director will monitor employee conduct in person and via video surveillance to ensure total ongoing compliance with all safety and security measures, and report any infractions immediately to the employee's supervisor. All Fernway employees will also sign agreements to abide by the Fernway Employee Code of Conduct, and will also complete periodic diversity training, as detailed in the Fernway Diversity Plan. For further information on Fernway's training programs, please refer to the Fernway Qualifications & Training Plan.

Employee access will be restricted to and within Fernway's registered Premises depending on job duties and working hours, with only designated Marijuana Establishment Agents having access to Limited Access Areas. Regardless of position, all employees will be required to carry their Marijuana Establishment Agent Registration Card at all times when on Fernway's registered Premises of and while in possession of Marijuana Products in furtherance of Fernway's business, in accordance with 935 CMR 500.030(7). If a Marijuana Establishment Agent's Registration Card is lost or stolen, the Marijuana Establishment Agent must inform their supervisor immediately. Pursuant to 935 CMR 500.030(6), the supervisor will report the missing Registration Card to the Commission.

All employees will be trained on Fernway's Emergency Procedures and Disaster Plan,

which will include a plan for evacuation in case of fire or other emergency as required by 935 CMR 500.105(1)(i). All Marijuana Establishment Agents will be required to review the Emergency Procedures and Disaster Plan with the fire marshal every quarter. The Emergency Procedures and Disaster Plan will also be posted prominently throughout the registered Premises, with all emergency exits, panic alarms and evacuation routes clearly marked. Because Fernway will be using a flammable solvent (ethanol) to winterize and filter cannabis oil, all Marijuana Establishment Agents will be trained extensively on fire and other hazard prevention procedures. No Marijuana Establishment Agent who has not received appropriate training on operating in a Class 1, Division 1 (“C1D1”) or Class 1, Division 2 (“C1D2”) location (as defined by the United States Occupational Safety and Health Administration) will be allowed to access any C1D1- or C1D2-rated areas. All Marijuana Establishment Agents will be thoroughly trained in workspace and facility cleanup and sanitation, and will follow safe waste disposal procedures in full compliance with 935 CMR 500.105(12). For further information on Fernway’s sanitation and waste disposal procedures, please review Fernway’s Inventory Management Plan and Quality Control and Testing Plan.

Whenever Marijuana Establishment Agents enter or exit Fernway’s registered Premises, they will follow all security procedures and crime prevention procedures detailed in the Fernway Security Plan, in accordance with 935 CMR 500.105(1)(b).

Though Fernway will not make drug screening a condition of employment, it will establish enforce a strict Alcohol, Smoke and Drug-Free Workplace Policy in accordance with 935 CMR 500.105(1)(k). Consumption of any impairing substances, including alcohol and Marijuana, will be prohibited and will not be tolerated at the registered Premises. Smoking of any kind, including the use of e-cigarettes, will be limited to a designated smoking area outside the registered Premises. If any Marijuana Establishment Agent is suspected of impairment at any time while on duty, such Marijuana Establishment Agent will be relieved of duties immediately and be required to undergo impairment testing. Failure to pass an impairment test, or other objective evidence of on-the-job impairment, will result in immediate suspension and disciplinary action. In the event that a Marijuana Establishment Agent is prescribed medication that may impair their ability to perform their job duties and responsibilities, that Marijuana Establishment Agent will be required to notify the Human Resources Manager or Chief Marketing Officer (CMO) who will work with the Marijuana Establishment Agent and the Marijuana Establishment Agent’s immediate manager to determine appropriate accommodations and adjustments to the Marijuana Establishment Agent’s job duties and responsibilities.

### **Performance and Discipline Policies**

All managers will monitor employee performance and adherence to Fernway’s established standard operating procedures, and will provide any necessary feedback and constructive criticism at their discretion. All non-Executive employees will also be subject to biannual performance reviews. These reviews will be carried out by the employee’s direct manager, in collaboration with the Human Resources Manager, to, among other things, evaluate the employee’s performance and identify any areas for improvement or further training. Employees who excel may be offered regular merit raises and promotions, subject to management’s discretion. Employees whose performance is judged to fall below applicable standards will be provided further training and closely supervised until their performance

improves. For further information on Fernway's performance and discipline policies, please refer to the Fernway Qualifications & Training Plan.

Fernway will strive to maximize employee buy-in and loyalty by promoting from within, treating all Marijuana Establishment Agents with respect, providing generous benefits and paid time off, and setting reasonable expectations for performance while providing multiple opportunities to learn and improve on the job. No flexibility, however, will be given regarding adherence to safety and security protocols. Moreover, in accordance with 935 CMR 500.105(1)(m), Fernway will dismiss immediately any Marijuana Establishment Agent that is found to have:

- Diverted Marijuana or Marijuana Products, which shall be immediately 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;
- Been convicted or entered a guilty plea, a 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; or
- Engaged in sexual harassment or other discriminatory behavior that is in violation of the Employee Code of Conduct.

Any other serious or repeated infractions of Fernway's policies and procedures, including Fernway's Alcohol, Smoke and Drug-Free Workplace Policy, will be grounds for immediate termination. Nevertheless, all incidents requiring disciplinary action, barring impairment-related incidents and the grounds for immediate termination listed above, will be evaluated based upon the totality of the circumstances, and Fernway will strive whenever possible to resolve any issues or disputes without termination. First and second infractions will lead to official warnings that will be included in applicable personnel files. Marijuana Establishment Agents who continue to violate Fernway's policies after receiving two warnings will be placed on a supervised thirty (30)-day probationary period with restrictions on their activities and duties. During this probationary period, the Marijuana Establishment Agent will be retrained and re-tested, and only allowed to resume normal job duties once he or she achieves an eighty percent (80%) or greater passing grade on all tests and drills. A Marijuana Establishment Agent who has been placed on a thirty-day probationary, and who is unable to reach this passing grade, will be terminated.

### **Personnel Record-Keeping and Availability**

Fernway's Human Resources Manager will maintain all personnel records. In accordance with 935 CMR 500.105(9)(d), all personnel files will include (i) job descriptions for each employee and volunteer position, as well as organizational charts consistent with the job descriptions; and (ii) all the information required by 935 CMR 500.105(9)(d)(2), specifically:

- (a) all materials submitted to the Commission pursuant to 935 CMR 500.030(2);
- (b) documentation of verification of references;
- (c) the job description or employment contract that includes duties, authority, responsibilities, qualifications, and supervision;



- (d) 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 said training and the topics discussed, including the name and title of presenters;
- (e) documentation of periodic performance evaluations;
- (f) a record of any disciplinary action taken; and
- (g) notice of completed responsible vendor and eight-hour related duty training.

All personnel files for Marijuana Establishment Agents will be preserved for at least 12 months following the termination of their affiliation with Fernway in compliance with 935 CMR 500.105(9)(d)(2). In accordance with 935 CMR 500.105(1)(n), a full list of Fernway's board members and Executives will be made available on Fernway's website. For further information on Fernway's record-keeping policies and procedures, please refer to Fernway's Record-Keeping Plan.

## **Fernway LLC**

### **RECORD-KEEPING PLAN**

As required by 935 CMR 500.101(1)(c)(8)(i), Fernway LLC (“Fernway”) submits the following summary of operating policies and procedures for record-keeping (the “Record-keeping Plan”).

Fernway will keep meticulous written records detailing every aspect of its business. As set forth in 935 CMR 500.105(8)-(9) and described in greater detail below, records shall be subject to inspection by the Commission upon request. These records include, but are not limited to, written operating procedures (935 CMR 500.105(1)), inventory records (935 CMR 500.105(9)(b)), Seed-to-Sale tracking records for all Marijuana Products (935 CMR 500.105(9)(c)), personnel records (935 CMR 500.105(9)(d)(2)), business records (935 CMR 500.105(9)(e)), and waste disposal records (935 CMR 500.105(9)(f)). As also required by 935 CMR 500.105(9), these records will be maintained in accordance with generally accepted accounting principles. Fernway is mindful that, pursuant to 935 CMR 500.301(1), the Commission or its agents may inspect its written records at any time, without prior notice, to assure compliance. In the event that Fernway should ever close for business, all records will be maintained for at least two (2) years at Fernway’s expense and in a form and location acceptable to the Commission, as required by 935 CMR 500.105(9)(g).

As also described in greater detail below, Fernway will implement record-keeping practices and procedures in connection with the maintenance of payroll records, Responsible Vendor Training, vehicle maintenance, incident reporting, policies and procedures governing diversion, theft, or loss, inspections and compliance, and production batches.

Fernway will, as required by 935 CMR 500.104(2), keep current all information required by 935 CMR 500.000 (the Adult Use of Marijuana Act) or otherwise required by the Commission, and will report any changes in or additions to the content of the information contained in any document to the Commission within five (5) business days after such change or addition.

### **Operating Procedures**

As required by 935 CMR 500.105(1), Fernway will have and follow a set of detailed written operating procedures, which include, at a minimum: (a) security measures in compliance with 935 CMR 500.110, (b) employee security policies, including personal safety and crime prevention techniques (as further described in Fernway’s Security Plan); (c) a description of Fernway’s hours of operation and after-hours contact information, which shall also be provided to the Commission, made available to law enforcement officials upon request, and updated pursuant to 935 CMR 500.000 (and set forth above); (d) storage of Marijuana Products and Marijuana waste disposal in compliance with 935 CMR 500.105(11)-(12) (as further described in Fernway’s Storage Plan); (e) a description of the various types and forms of Marijuana Products to be manufactured and/or sold, (as further described in Fernway’s Product Description Plan); (f) Price list for Marijuana Products and any other available products, and alternate price lists for patients with documented Verified Financial Hardship, as defined in 935 CMR 501.002, as required by 935 CMR 501.100(1)(f); (g) written procedures to ensure accurate record-keeping, including inventory protocols in compliance with 935 CMR 500.105(8)-(9); (h) plans for quality control, including product testing for contaminants in compliance with 935 CMR 500.160 (as

further described in Fernway's Quality Control and Testing Plan); (i) a staffing plan and staffing records in compliance with 935 CMR 500.105(9)(d) (as further described in Fernway's Personnel Policies Plan); (j) emergency procedures, including a disaster plan with procedures to be followed in case of fire or other emergencies; (k) alcohol, smoke, and drug-free workplace policies (as further described in Fernway's Personnel Policies Plan); (l) a plan describing how confidential information will be maintained (as further described below); (m) a policy for the dismissal of any Marijuana Establishment Agent who has diverted Marijuana, engaged in unsafe practices, or fails to maintain suitability (as further described in Fernway's Personnel Policies Plan); (n) a list of all board members, executives, and members; (o) policies for cash management; (p) policies to prevent the diversion of Marijuana to individuals younger than 21 years old (as further described in Fernway's Plan to Prevent Diversion); and (q) policies and procedures for energy conservation that includes, at a minimum, (1) identification of potential energy use reduction opportunities, (2) consideration of opportunities for renewable energy generation; (3) strategies to reduce electric demand; and (4) engagement with energy efficiency programs offered pursuant to M.G.L. c. 25 § 21, or through municipal lighting plants (as further described in Fernway's Methods of Production Plan).

As a Marijuana Product Manufacturer, Fernway's record-keeping policies and procedures will transcend the requirements of 935 CMR 500.105(1) and include, as required by 935 CMR 500.130(5), additional written policies and procedures for the production and distribution of Marijuana Products. This includes, among other things: (a) methods to identify, record, and report diversion, theft or loss, and to correct any errors or inaccuracies in inventories; (b) handling voluntary and mandatory recalls of Marijuana Products (as further detailed in Fernway's recall policy, set forth in the Dispensing Procedures Plan; (c) methods to ensure that any outdated, damaged, deteriorated, mislabeled, or contaminated Marijuana Products are segregated from other products and appropriately destroyed, in a manner that complies with the requirements of 935 CMR 500.105(12) (governing waste disposal); (d) transportation procedures in compliance with 935 CMR 500.105(13); (e) additional methods to reduce energy and water usage and efforts to engage in energy conservation and mitigate other environmental impacts, which meet the requirements of 935 CMR 500.105(15) (governing energy efficiency and conservation); (f) methods respecting the transfer, acquisition, or sale of Marijuana Products between Marijuana Establishments, which are described in detail in Fernway's Transportation Plan and Dispensing Procedures Plan; and (h) policies and procedures for maintaining a product catalogue identifying all types of Marijuana Products actively manufactured at the facility, including a description of the product, photograph or illustration, packaging design, and dosage amounts, including expected Cannabinoid Profile.

These operating procedures will be maintained together with Fernway's other business records, as described below.

### **Seed-to-Sale Tracking Records and Inventory Records**

Fernway will use Franwell Metrc, as approved by the Commission pursuant to 935 CMR 500.105(8)(e), as well as an additional, fully-integrated Seed-to-Sale tracking system such as BioTrack THC or MJ Freeway, to maintain real-time inventory records of all Marijuana Products in Fernway's possession, including Marijuana waste and Marijuana Products awaiting disposal, as required by 935 CMR 500.105(8) and 935 CMR 500.105(9)(b).

As required by 935 CMR 500.105(8)(d), the written record of each inventory review will

include, at a minimum: the date of the inventory, a detailed summary of the inventory findings, and the names, signatures, and titles of the individuals who conducted the inventory review. Fernway will conduct monthly inventory reviews pursuant to 935 CMR 500.105(8)(c)-(d); although the Commission does not require weekly inventory reviews, Fernway will also conduct weekly inventory reviews in order to minimize the likelihood and scope of any discrepancies. In addition, Fernway will conduct an annual inventory review and prepare an inventory review record for such review pursuant to 935 CMR 500.105(8)(c)(3). For further information on Fernway's inventory record-keeping, please refer to Fernway's Inventory Plan.

### **Personnel Records**

In strict compliance with 935 CMR 500.105(9)(d)(1), Fernway will maintain thorough, up-to-date personnel records on all employees. In this connection, Fernway will maintain written records of all job descriptions for each employee and all volunteers (if any), together with written organizational charts consistent with all job descriptions. In addition, Fernway will also maintain a personnel record for each Marijuana Establishment Agent employed or otherwise retained by Fernway, and shall maintain such records for a minimum of twelve (12) months after termination of an Agent's affiliation with Fernway, as required by 935 CMR 500.105(9)(d)(2). As required by 935 CMR 500.105(9)(d)(2)(a)-(g), such personnel records will include, at a minimum, the following information: all materials submitted to the Commission, pursuant to 935 CMR 500.030(2) (governing information submitted in connection with the registration of a Marijuana Establishment Agent); documentation of verification of references; each employee's employment contract, which will include each employee's duties, authority, responsibilities, qualifications, and supervision; documentation of all required training, including training regarding privacy, confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received said training and the topics discussed, including the name and title of presenters; documentation of all performance evaluations; records of any disciplinary actions taken; and a notice of completed responsible vendor and eight-hour related duty training. Each employee's personnel record will also contain all background check reports relating to that employee, as required by 935 CMR 500.105(9)(d)(5).

Fernway will also maintain a written staffing plan that will demonstrate accessible business hours and safe manufacturing conditions, as required by 935 CMR 500.105(9)(d)(3). Fernway will maintain written records of all personnel policies and procedures, pursuant to 935 CMR 500.105(9)(d)(4). For further information on Fernway's staffing plan and personnel policies and procedures, please refer to Fernway's Personnel Policies Plan.

### **Business and Financial Records**

Fernway will maintain comprehensive written business and financial records at all times. Fernway's business records shall be computerized, as permitted by 935 CMR 500.105(9)(e), and shall include records of assets and liabilities; monetary transactions; books of accounts, including journals, ledgers, and supporting documents, as well as all agreements, checks, invoices, and vouchers; sales records including the quantity, form, and cost of Marijuana Products; and salary and wages paid to each employee, stipends (if any) paid to each board member, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with Fernway, in strict accordance with 935 CMR 500.105(9)(e)(1)-(5). In this connection, Fernway will utilize Quickbooks to maintain its business and financial records, and only authorized executives, including the CEO and CFO, and authorized financial/accounting personnel shall have access to

the records.

Fernway has retained BridgeWest CPAs, an accounting firm with over ten years' experience managing the special accounting needs of a Marijuana Establishment, to audit the company's books on a regular basis in order to prevent accounting errors and to ensure both generally accepted accounting principles and accounting best practices are in use by the Company. The reviews generated by BridgeWest, along with all other financial records, will be kept on file for easy access to the Commission whenever requested. BridgeWest, assisted by a tax attorney experienced in providing legal services to marijuana businesses, will also file business reports and taxes to the City of Northampton, the Commonwealth of Massachusetts, and the Federal Government, as required.

Each Marijuana Establishment Agent employed by Fernway will also be extensively trained and retrained in all accounting and expense reimbursement procedures in order to minimize all accounting errors to the greatest extent possible.

### **Payroll Records**

The Company has engaged Complete Payroll Solutions to manage payroll operations and to maintain written payroll records. Complete Payroll Solutions is experienced in providing such services to the marijuana industry, and has a proven track record of providing payroll services to marijuana businesses successfully. Fernway will use Complete Payroll Solutions to manage payroll, employee benefits, vacation time, and payroll taxes for the company. The payroll taxes will be automatically paid out to the state agencies as required by law.

### **Waste Disposal Records**

In compliance with 935 CMR 500.105(9)(f), Fernway will maintain meticulous waste disposal records as required under 935 CMR 500.105(12) (governing policies and procedures for waste disposal). A written waste disposal protocol shall be put in place and available to the Commission upon request. No fewer than two (2) Marijuana Establishment Agents employed by Fernway will witness and document how any and all Marijuana and Marijuana Products are disposed or otherwise handled, whether by recycling, composting, or other method, as required by 935 CMR 500.105(12). As also required by 935 CMR 500.105(12)(d), whenever Marijuana waste is disposed or handled, Fernway will create an electronic record of the date, the type and quantity of Marijuana or Marijuana Products disposed or handled, the manner of disposal or other handling, the location of disposal or other handling, and the name of the two (2) Marijuana Establishment Agents (employees of Fernway) who were present during the disposal or other handling, with those employees' signatures. Fernway will keep waste disposal records for three (3) years in hard copy, stored in a locked file cabinet, and in computerized form. This record retention period shall be automatically extended for the duration of any enforcement action and may be further extended by an order of the Commission.

### **Additional Record-Keeping Plans and Policies**

In addition, Fernway will maintain records of Responsible Vendor Training program compliance for four (4) years and make them available for inspection by the Commission and any other applicable licensing authority upon request, during normal business hours, as required by 935 CMR 500.105(2)(b)(5).

All company vehicle records, including documentation of registration, inspection, and insurance shall be maintained as computerized records of the Company, and kept in hard copy in each vehicle. All vehicle records shall be made available to the Commission upon request, as required by 935 CMR 500.105(13)(c)(1)(b).

In the event of a security-related incident, Fernway will notify the Commission and appropriate law enforcement authorities as detailed in its Security Plan and Diversion Plan. Among other instances, this notification is required any time Fernway detects any loss or unauthorized alteration of its records related to Marijuana, as required by 935 CMR 500.110(9)(a)(6).

All testing results, including Fernway's in-house testing results and the results of all testing by an independent testing laboratory conducted on Fernway's Finished Products, will also be retained among Fernway's written records, in locked, secure storage, for at least one (1) year, as required by 935 CMR 500.160(4).

In accordance with 935 CMR 500.105(1)(l), Fernway will exercise caution and discretion in the preservation and maintenance of any and all confidential information. This confidential information will be stored in secure digital channels when practical. For any physical paperwork containing confidential information, Fernway will store such items in a locked and fireproof cabinet. For further information regarding Fernway's policies regarding the maintenance of confidential information, please refer to Fernway's Security Plan.

As required by 935 CMR 500.002, Fernway will assign and record a unique, sequential alphanumeric identifier to each Production Batch of Marijuana Products that are made at the same time, using the same methods, equipment, and ingredients, for the purposes of production tracking, product labeling, and product recalls (if any). Each such Production Batch will be traceable to one or more Marijuana Cultivation Batches. All Production Batches in will be tracked using Fernway's Seed-to-Sale tracking system.

## **Fernway LLC**

### **MAINTENANCE OF FINANCIAL RECORDS PLAN**

Pursuant to 935 CMR 500.105(9)(e), Fernway LLC (“Fernway” or the “Company”) submits the following plan regarding Fernway’s policies and procedures for maintaining and making available to the Commission for inspection upon request, detailed business and financial records regarding its operations.

It is Fernway’s policy to keep and store securely digital and, where applicable, hard-copy records of business and financial transactions, including, as required by 935 CMR 500.105(9)(e), records of:

- i. Assets and liabilities;
- ii. Monetary transactions;
- iii. Books of accounts, which shall include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
- iv. Sales records including the quantity, form, and cost of Marijuana Products; and
- v. 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 the Company.

In furtherance of this policy, paper invoices, bills, checks, purchase or sale agreements, or other documents relating to business or financial transactions will be scanned by Fernway’s Chief Financial Officer (“CFO”) or by a Marijuana Establishment Agent employed by Fernway as a bookkeeper to create an electronic version which will then be saved in a computerized file folder, properly labeled and organized. The CFO or responsible employee will then place the paper document into the appropriate folder in a file cabinet containing paper records, which are properly labeled and organized for easy retrieval. The file cabinet will be locked and stored in a secure storage area, located in a Limited Access Area and accessible only to designated Fernway employees including the CFO, CEO, and Security Director. Original versions of these business and financial records that are already in digital form will be saved in the appropriate computerized folders. All digital business and financial records will be properly backed-up to ensure that no records are lost permanently.

Fernway will use Quickbooks accounting software to record all financial transactions. Through Quickbooks, Fernway will account for and record all cash flows, including payments made and received pursuant to invoices and bills. Moreover, with Quickbooks’s software, Fernway will prepare month-end and quarter-end financial statements that will include, among other financial records: a balance sheet; a statement of income; and a statement of cash flows. By maintaining detailed financial records, Fernway can make sound economic decisions and ensure the Company’s financial viability.

In addition, in accordance with 935 CMR 500.105(9)(e)(4), Fernway will create and maintain detailed sales records for all Marijuana transactions. These records will include, among other items, when applicable: date, time, price, payment terms, weight, unit count, delivery information, certificate of analyses and counter-party information. Fernway will utilize this

information and its business judgement to assess potential partnerships. Fernway will create and maintain payroll records, including salaries, bonuses, benefits, changes in wage or salary rates, hourly records for hourly employees, start dates, and termination dates pursuant to 935 CMR 500.105(9)(e)(5).

Fernway has retained BridgeWest CPAs, an accounting firm with over ten years' experience managing the special accounting needs of a Marijuana Establishment, to audit the company's books on a regular basis in order to prevent accounting errors and to ensure both generally accepted accounting principles and accounting best practices are in use by the Company. The reviews generated by BridgeWest, as well as all other financial records, will be kept on file for easy access to the Commission whenever requested. BridgeWest, assisted by a tax attorney experienced in providing legal services to marijuana businesses, will also file business reports and taxes to the City of Northampton, the Commonwealth of Massachusetts, and the Federal Government, as required. Fernway's retention of BridgeWest is one example of how Fernway will implement checks and balances to ensure the continued accuracy of its financial operations and accounting practices. Fernway's books of account will be maintained using Generally Accepted Accounting Principles (GAAP), which will improve the reliability and utility of the financial reports for third parties.

Fernway will regularly share its financial records with any financial institution where it owns an account, its investors, and the city of Northampton. All financial records will also be available to the Commission upon request and in a timely manner pursuant to 935 CMR 500.301(3). Fernway takes the privacy of its employees, investors and advisors seriously, and the Company will exercise caution to ensure that records and confidential information are protected and available only to authorized Marijuana Establishment Agents employed by Fernway, and to any authorized third-parties who need access to such records, to prevent any improper disclosures, alterations, or deletions pursuant to 935 CMR 500.105(1)(l). Fernway appreciates the additional operational and compliance burdens imposed on financial institutions with Marijuana Establishment clients, and the Company is prepared to provide all necessary assistance and documentation to help any financial institution where Fernway owns an account remain compliant with all relevant FinCEN guidance, such as FIN-2014-G001, and other applicable financial regulations, including the Bank Secrecy Act, as needed.

Fernway will keep meticulous records related to taxes due to the Commonwealth pursuant to 830 CMR 63.00, Taxation of Corporations; to the City of Northampton; and to the Federal Government. Fernway will maintain its tax records for a period of at least seven (7) years, consistent with the Company's Host Community Agreement with Northampton.

The Company's sources of capital and investor list will be maintained in an organized and thorough manner, including digitized records of capital accounts, investor contact information including street addresses and e-mail addresses, % ownership at point in time, date of investments, and original executed term sheet documents, so the Company can anticipate and notify the Commission of any contemplated Ownership or Control Change scenarios pursuant to 935 CMR 500.104(1)(b). Fernway's bankers and legal counsel will hold replicate records of the Company's investor list to ensure efficiency when addressing questions from the Commission and other regulators.



Fernway will make and receive payments digitally or using checks whenever possible, so that the records of such transactions are easy to maintain and retrieve. In the event that Fernway must handle or store cash within its facility, all cash will be counted using a money counter prior to storage and will be stored in a secure safe, such as the model depicted below, inside the Security Command Station, and only the Security Director, CEO, and CFO will have the code to the safe.



SentrySafe SFW123EU Fireproof Safe and Waterproof Safe, 1.23 Cu. Ft.

In accordance with 935 CMR 500.105(1)(o), the CFO will maintain precise records of all cash transactions, including recording when cash is placed into or removed from the safe, and the amount of such cash, as well as any transportation of cash to a financial institution. To the extent Fernway is paid in cash for deliveries of Fernway Marijuana Products to other Marijuana Establishments, the Marijuana Establishment Agents employed by Fernway who delivered the Marijuana Products will not be permitted to transport the cash. Rather, Fernway will contract with a third-party cash courier to transport such cash payments directly to BayCoast Bank for deposit in Fernway's business bank account.

Pursuant to 935 CMR 500.105(2)(a)-(b), Marijuana Establishment Agents employed by Fernway who are responsible for any accounting and financial operations will undergo extensive training in Fernway's financial record-keeping and operating policies and procedures to ensure prompt and accurate financial record keeping. Fernway will require such employees to use the highest standards of care in their execution of financial operating procedures, and the Company will terminate the employment of any employee who shows continued negligence in recording financial transactions and maintaining records of transactions and books of account. For further information on Fernway's employee training programs, please refer to Fernway's Qualifications and Training Plan.

## **Fernway LLC**

### **QUALIFICATIONS AND TRAINING PLAN**

Fernway submits this Qualifications and Training Plan as a summary of its policies and procedures regarding employee qualifications and training. As described below, Fernway LLC's ("Fernway" or the "Company") will employ a series of detailed written training policies and procedures (the "Fernway Training Program") consisting of standard operating procedures, training modules, and best practices to ensure that the company meets and exceeds all of the Marijuana Establishment Training requirements set out in 935 CMR 500.105(2). Though Fernway may hire individuals with previous Marijuana Product manufacturing experience and/or relevant experience from related industries (including consumer packaged goods manufacturing, engineering, consumer product development, logistics, and/or packaging), no applicant for an entry-level position will be rejected solely due to having a general lack of Marijuana or Marijuana Product manufacturing knowledge or experience. New hires will be evaluated based upon the totality of their professional and personal experience and ability, as well as the priorities and goals described in detail in Fernway's Diversity Plan and Fernway's Positive Impact Plan.

As described below, the Fernway Training Program will be tailored to each new employee's job description in order to provide them with all training and information deemed necessary for them to safely and efficiently fulfill their job duties. New employees will only commence performing their job duties once training is complete and the new employee has demonstrated satisfactory comprehension (a score of 80% or higher on comprehension assessments) of all training subjects. Once employees begin performing their job duties, they will each then receive a minimum of eight hours of ongoing training annually, as required by 935 CMR 500.105(2)(a). Employees will also be provided with multiple opportunities to expand their knowledge of Marijuana and Marijuana Product manufacturing, beyond the scope of their job duties, through continued education programs that Fernway will make available.

#### **Staffing Plan & Employee Qualifications**

Per 935 CMR 505.105(1)(i), Fernway will maintain a staffing plan and staffing records in full compliance with 935 CMR 500.105(9). In accordance with the CCC's Guidance For Licensure as a Marijuana Establishment<sup>1</sup> and 935 CMR 500.101(1)(c)(9), the following is a list of the initial anticipated positions and qualifications for Marijuana Establishment Agents employed by Fernway.

- *Lab Technician* - Lab Technicians will assist the lab director in all lab operations including intake procedures and refining cannabis oil through winterization, desolvation, filtration, distillation, and formulation. Other duties will include equipment maintenance, prepping and cleaning of workspaces before and after shifts, and regular inventory checks. Qualifications include a high school diploma and 1-2 years of previous experience in Marijuana or other product manufacturing, food and drink processing, pharmaceutical production, or other trained manufacturing work in

<sup>1</sup> <https://mass-cannabis-control.com/wp-content/uploads/2018/04/Guidance-for-Marijuana-Establishment-Licensure-Applicants.pdf>

a highly controlled production environment.

- *Packaging & Logistics Specialist* - Packaging and Logistics Specialists will handle intake of cannabis oil and dispensing of Marijuana Products (including transportation), cartridge filling, ensuring ongoing regulatory compliance with product packaging and labeling requirements, regular inventory checks, and transportation of Marijuana Products. Qualifications include a high school diploma and 1-2 years of previous experience managing, handling and/or transporting Marijuana or similar high-value controlled inventory, or experience with handling cash and/or making secure deliveries.
- *Lab Director* - The Lab Director will supervise all of Fernway's Marijuana processing and manufacturing operations. This position will include training and managing lab technicians, supervising quality control procedures, supervising all equipment maintenance and facility sanitary procedures, R&D, and liaising with equipment vendors as needed. Qualifications will include an undergraduate college degree, preferably a Bachelor of Science, and a minimum of two (2) years of previous experience in a supervisory role in Marijuana Product manufacturing or pharmaceutical production.
- *Security Director* - The Security Director will be in charge of executing Fernway's security program (as detailed in Fernway's Security Plan) and ensuring ongoing company-wide regulatory compliance both in accordance with 935 CMR 500 and in accordance with all applicable local, state and federal laws. Duties will include overseeing inventory management, employee training and retraining, performing security checks, supervising the installation and maintenance of all security equipment, visitor intake, and maintenance of all security records, as described in Fernway's Record-Keeping Plan. Qualifications will include an undergraduate college degree, previous law enforcement experience, preferably in a senior management role, previous security experience in a supervisory role at a licensed Marijuana Establishment or previous security experience in a supervisory role in the pharmaceutical, casino, or jewelry industries, or other similar industries dealing with high-value controlled inventory. Until a Security Director is hired, the COO will serve as Acting Security Director.
- *Human Resources Manager* – The Human Resources Manager will be in charge of collecting and maintaining all personnel records in accordance with 935 CMR 500.105(9)(d), overseeing the hiring process for new employees, tracking the success of the programs detailed in Fernway's Diversity & Positive Impact Plans, and serving as the main point of contact for all employee questions and concerns as well as reports of violations of the Fernway Code of Conduct. Qualifications include an undergraduate college degree, 1-2 years of experience in human resources or recruitment, and experience handling and maintaining confidential records. Until a Human Resources Manager is hired, the CMO will serve as Acting Human Resources Manager.

Officers may initially fill some of the above-listed roles while continuing to serve in their capacities as officers, until hiring of separate employees to fill those roles is necessary. In this case, in order to commence performing any duties listed above, officers must follow and successfully complete the same training program that would be required of a non-officer, and document completion of training as detailed below (“Documentation and Review”). Fernway will commence its internship program once the Company has filled all open positions and reached a reasonable level of efficiency in its operations, to ensure that interns are provided with sufficient structure and exposure to all aspects of Fernway’s operations. For further information on Fernway’s internship program, please refer to Fernway’s Positive Impact Plan.

Fernway's staff shifts will last from 10:00 AM - 6:00 PM, in accordance with 935 CMR 500.105(9)(d)(3). Though Fernway is a product manufacturer and will not be cultivating as part of its operation, all areas where staff are manufacturing will be constructed and laid out in accordance with Good Manufacturing Procedures (GMP). Fernway's working areas will all be constructed and maintained to have safe, clean, and comfortable conditions, per 935 CMR 500.105(9)(d)(3). For further information on Fernway's sanitation and safety procedures, please refer to Fernway's Quality Control and Testing Plan and Security Plan.

### **Responsible Vendor Training**

As required by 935 CMR 500.105(2)(b)(1), all of Fernway’s owners, managers, and employees involved in the handling or sale of Marijuana, both at the time of licensure and upon each renewal thereof, will have attended and successfully completed a Responsible Vendor program to be designated a Responsible Vendor. By definition (935 CMR 500.002), a Responsible Vendor Program must be conducted by a Commission-accredited education provider, to provide the annual minimum of two (2) hours of Responsible Vendor training to Marijuana Establishment Agents. Once designated as a Responsible Vendor, all subsequent new hires whose job duties involve the handling and sale of Marijuana for adult use will be expected to complete this program within 90 days of hire, as required by 935 CMR 500.105(2)(b)(2). After initial successful completion of the Responsible Vendor Program, each of Fernway’s owners, employees, and managers involved in the handling and sale of adult-use Marijuana will successfully complete the program once every year thereafter, to maintain designation as a Responsible Vendor, and as required by 935 CMR 500.105(2)(b)(3). While completion of the program by administrative employees who do not handle or sell adult-use Marijuana is voluntary per 935 CMR 500.105(2)(b)(4), Fernway will facilitate Responsible Vendor training for administrative employees whose career plan includes the future handling or sale of adult-use Marijuana at Fernway.

The education provider that Fernway selects for Responsible Vendor training will meet all standards described in 935 CMR 500.105(2)(b)(6). Specifically: (a) no one who has an interest in Fernway will own or be an employee of Fernway’s Responsible Vendor program; (b) Fernway will confirm that the program provider submits its program to the Commission every two (2) years for approval as a Responsible Vendor program; (c) the program will include at least two (2) hours of instruction time; (d) the program will be taught in a real-time, interactive classroom setting, where the instructor will verify the identification of each individual attending the program and certify completion of the program by the individual identified; (e) the program

provider will maintain its training records at its principal place of business during the applicable year and for three (3) years thereafter; (f) the provider shall make such records available for inspection by the Commission and any other applicable licensing authority upon request during normal business hours; (g) the program shall provide written documentation of attendance and successful passage of a test on the knowledge of the required curriculum for each attendee; (h) attendees who can read and write English must successfully pass with a score of 70% or better; while (i) those attendees who cannot speak or write English may be offered a verbal test, provided that the same questions are given on the written test and the results of the verbal test are documented with a passing score of 70% or better; and (j) program providers shall solicit effectiveness evaluations from individuals who have completed their program, including Marijuana Establishment Agents employed by Fernway.

The Core Class Curriculum will, at a minimum consist of all subjects described in 935 CMR 500.105(2)(b)(7), namely:

- (a) discussion concerning Marijuana's effect on the human body, including:
  - (i) Marijuana's physical effects based upon type of Marijuana Product;
  - (ii) the amount of time to feel impairment
  - (iii) visible signs of impairment, and
  - (iv) recognizing the signs of impairment;
- (b) diversion prevention and prevention of sales to minors, including best practices (as described in greater detail in Fernway's Plan to Restrict Access to Individuals Over 21 Years of Age);
- (c) Compliance with all tracking requirements (as described in greater detail in Fernway's Inventory Management Plan);
- (d) acceptable forms of identification (also described in Fernway's Plan to Restrict Access to Individuals Over 21 Years of Age), including:
  - (i) how to check identification;
  - (ii) spotting false identification;
  - (iii) medical registration cards issued by the Department of Public Health; and
  - (iv) common mistakes made in verification;
- (e) other key state laws and rules affecting owners, managers, and employees, which shall include:
  - (i) local and state licensing and enforcement;
  - (ii) incident and notification requirements;
  - (iii) administrative and criminal liability;
  - (iv) license sanctions and court sanctions;
  - (v) waste disposal;
  - (vi) health and safety standards
  - (vii) patrons prohibited from bringing Marijuana onto licensed premises;
  - (viii) permitted hours of sale;
  - (ix) conduct of establishment;
  - (x) permitting inspections by state and local licensing and enforcement authorities;
  - (xi) maintenance of records (as described in Fernway's Recordkeeping Plan);
  - (xii) privacy issues; and
  - (xiii) prohibited purchases and practices;

(f) any other areas of training determined by the Commission that requires inclusion in a Responsible Vendor Program.

New hires will be expected to successfully complete the Responsible Vendor Training program as the first part of the Fernway Training Program, followed by training tailored to the new employee's specific job description ("Onboarding," described below). However, if a new employee is unable for any reason to begin the Responsible Vendor Training program within 10 business days after date of hire, they will be expected to commence Onboarding at that time, and they will be expected to complete Responsible Vendor Training as soon as possible and in no event more than 90 days from their date of hire, as noted above and in compliance with 935 CMR 500.105(2)(b)(2).

### **Onboarding**

The Onboarding portion of the Fernway Training Program is designed to satisfy the requirements of 935 CMR 500.105(2) by providing all training and information deemed necessary for Marijuana Establishment Agents employed by Fernway to safely and efficiently fulfill their job duties, as well as build upon the training provided by the Responsible Vendor Training Program (described above). Fernway believes that a comprehensive Marijuana education is the key to building a high-functioning and engaged team that can safely, consistently, and efficiently produce high-quality products that meet Fernway's quality control standards (described in greater detail in Fernway's Quality Control and Testing Plan), as well as make meaningful contributions to the Massachusetts marijuana industry and community (described in greater detail in Fernway's Diversity Plan and Fernway's Positive Impact Plan). As such, the Onboarding curriculum will consist of a mixture of job-specific training and general Marijuana knowledge (which will focus on recent regulatory developments relating to Marijuana Product manufacturing and the Massachusetts Marijuana industry generally). Employees will be paid for their time while completing the Onboarding portion of the Fernway Training Program, however they will not be cleared to commence job duties until Onboarding is successfully completed.

In order to provide comprehensive general Marijuana knowledge outside of Fernway's internal policies and procedures, Fernway will engage an online Marijuana training school, such as:

- Marijuana Training University - [www.marijuanatraininguniversity.com](http://www.marijuanatraininguniversity.com)
- Marijuana Training Institute - [www.marijuanatraininginstitute.com](http://www.marijuanatraininginstitute.com)
- THC University - [www.thcuniversity.org](http://www.thcuniversity.org)
- Medical Marijuana 411 - [www.medicalmarijuana411.com](http://www.medicalmarijuana411.com)

These schools offer online modules on a wide variety of professional, regulatory and scientific topics concerning Marijuana. These modules will be completed by employees in a designated training room at the Fernway facility. Course work will include: peer reviewed documents, white paper research, expert video testimonials from doctors and scientists and downloadable graphics. All employees must complete a minimum core curriculum of modules that focus on general Marijuana knowledge, and must also complete modules specific to their

job.

Job-specific training will consist of a minimum of 30 total hours of work before being cleared to perform job functions. Job-specific training for Fernway staff will focus on, but not be limited to, the following topics and minimum hours required, with curricula for each employee customized to fit their job description:

- Massachusetts Marijuana Laws - 4 hours
- Adult Use Marijuana Science – 2 hours
- Safe Handling of Marijuana Products – 5 hours
- Marijuana Product Manufacturing Supply Chain – 2 hours
- Packaging and Production Equipment Operations – 7 hours
- Quality Control, Testing and Sanitation – 2 hours
- Delivery Operations – 3 hours
- Security & Alarm Procedures – 3 hours
- Employee Code of Conduct – 2 hours

Employees will be provided with access to a confidential e-binder before training that includes an in-depth summary of all aspects of their job duties, facility security procedures including anti-diversion strategy, the Fernway Employee Handbook (as described in the Fernway Personnel Policies Plan) and a complete copy of the Adult Use of Marijuana Rules and Regulations 935 CMR 500 for Massachusetts. With the exception of the complete copy of the Adult Use of Marijuana Rules and Regulations 935 CMR 500 for Massachusetts, all employees must read and acknowledge in writing their understanding of all material covered in the binder. Other job-specific training course work will consist of the aforementioned online modules, verbal presentations by supervisors, procedural drills, and written exams. Each drill and exam will be scored for completeness and accuracy, and all employees must achieve a passing grade of 80% or above on all exams, drills, and other assessments before being cleared to perform their job duties.

Each employee must pass a refresher course as part of their biannual performance review, and employees will be assessed monthly by their supervisor on specific aspects of their individual job knowledge. If for any reason an employee's direct manager feels the employee is in need of further training in specific job duties, they will be paired with a superior to mirror those job duties for 30 days. Upon completing the 30-day mirroring period, the employee will be reevaluated for aptitude by their direct manager, and if deemed as sufficiently improved, will be cleared to perform their job duties under standard supervision. If any changes to local, state or federal laws which relate to Fernway's operations are deemed by Fernway management to require employee retraining, retraining will commence as soon as possible once changes are promulgated.

### **Continued Education**

Fernway will invest in providing continuing education to its employees, offering additional online modules through the aforementioned training schools, as well as holding periodic diversity, inclusion, and sensitivity trainings, which are further detailed in the Fernway

Diversity Plan. Fernway will encourage and evaluate and any all proposals by employees who wish to gain more experience and knowledge in specific areas related to their job description, or seek sponsorship for a related professional certification. The employee break room will contain books, magazines, pamphlets, and a bulletin board advertising upcoming extracurricular marijuana-related education events for employees to review, take home, or study at the premises as needed.

### **Documentation & Review**

Fernway will maintain records of Responsible Vendor training program compliance for four (4) years, and will make them available to inspection by the Commission and any other licensing authority upon request, as required by 935 CMR 500.105(2)(b)(5). Fernway's Human Resources Manager will be responsible for implementing and assuring completion of the initial trainings and ongoing trainings for each employee. However, the direct manager to each employee will be responsible for reviewing the employee's performance and making sure that each employee's work is in accordance with all Fernway policies and procedures, as well as all applicable rules and regulations. All training supervisors, which will include but may not be limited to the employee's direct manager, will be responsible for collecting all data relating to employee performance in initial and ongoing training. This data will be tracked as part of a biannual performance review to ensure that all employees have consistently met or exceeded all standards of training demanded by their specific job, and to inform decisions on promotion. Fernway's Human Resources Manager will collect and preserve all training and performance review documentation in each employee's personnel record, as required by 935 CMR 500.105(9)(d)(2). For further information on personnel record-keeping policies, please refer to Fernway's Record-Keeping Plan and Personnel Policies Plan.



## **Fernway LLC DIVERSITY PLAN**

In accordance with 935 CMR 500.101(1)(c)(8)(k) and in full compliance with all requirements detailed in the Commission’s “Revised Guidance on Disproportionate Impact and Diversity Plans” (Feb. 25, 2019), Fernway LLC (“Fernway” or the “Company”) submits this plan to build social and professional equity within demographic groups that have been historically excluded from the marijuana industry. As defined in 935 CMR 500.101(1)(c)(8)(k), these groups are:

- Racial minorities
- Women
- Veterans
- People with disabilities
- LGBTQ+ people

As described more fully below, Fernway will establish robust hiring and training procedures to achieve its goal of a diverse and equitable workplace in which employees who belong to the groups identified in 935 CMR 500.101(1)(c)(8)(k) (the “identified groups”) are valued and given the tools for success. In implementing this Diversity Policy, Fernway will operate in total compliance with all relevant federal and state laws that concern non-discrimination. Any actions taken, or programs instituted, will not violate the Commission’s regulations with respect to limitations on ownership or control or other applicable state laws. Fernway acknowledges and is aware of, and 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 every Marijuana Establishment.

### **Goals**

The principal goals of Fernway’s Diversity Plan include: ensuring that employees that fall into the identified groups comprise at least 25% of Fernway’s staff by the end of its first year of licensure and providing tools to ensure their success; and holding at least one job fair and two informational sessions by the end of its first year of licensure in order to provide access and assistance to individuals falling into the identified groups who wish to enter the adult-use marijuana industry.

### **Programs**

#### **1. Partnerships**

The goal of Fernway’s recruitment strategy is to build a wide pool of diverse applicants from which the Company can build a diverse, qualified, and high-performing team. To ensure sufficient diversity among job applicants, Fernway will establish a working partnership with ELEVATE Northeast (see attached documentation (“Exhibit A”). ELEVATE Northeast is a Massachusetts nonprofit organization with a stated mission of “empower(ing) underrepresented populations to work and lead in the cannabis industry, and [empowering] our communities to be educated customers and responsible consumers.” Fernway will connect and network with ELEVATE’s constituents and share both job opportunities and professional development opportunities through ELEVATE’s messaging platforms.

#### **2. Recruitment**

Fernway will advertise job openings, as they arise in the normal course of business, and other programs (including job fairs and information sessions) through media outlets, professional associations, support groups and charities that serve the identified groups. These efforts will include advertising in print outlets and bulletins in places of worship and public libraries to ensure that Fernway's job opportunities are available to applicants who do not have regular access to the internet. Fernway's job postings will be written to appeal to a wide range of applicants, with members of the identified groups explicitly urged to apply. Each job posting will be screened by Fernway's Chief Marketing Officer (CMO) before publication to ensure there is no unconscious bias in its language or phrasing.

### **3. Training & Promotion**

In order to create a nurturing and accommodating workplace culture, Fernway will craft a workplace code of conduct and ethics that includes a zero-tolerance policy for discrimination, harassment, or bullying. As part of the Fernway Training Program, employees will be expected to study the Fernway Code of Conduct and affirm in writing that they will abide by its terms, as detailed in Fernway's Qualifications and Training Plan. This Code of Conduct will be posted prominently in the workplace, including in the employee break room. Fernway will strongly encourage employees to be vocal about their needs and preferences in relation to company culture and accommodation, either through an open forum confidentially to managers and/or the Human Resources Manager, or anonymously to an employee suggestion box.

In order to ensure equity in the promotion process, Fernway will identify concrete performance goals for all employees as part of the performance review process detailed in Fernway's Personnel Policies Plan, and provide all employees from the identified groups with ongoing individually-focused mentoring to help them meet or exceed these goals. Fernway's CMO will assign employees falling into the identified groups to each of Fernway's executives, who will meet with their mentees for at least 2 30-minute mentoring sessions per month.

### **4. Professional Development Events**

Fernway will promote equity and diversity throughout the greater Massachusetts adult-use marijuana industry by working in partnership with ELEVATE Northeast. Fernway will hold informational sessions on careers cannabis product manufacturing and hold job fairs with a focus on attracting individuals falling into the identified groups<sup>1</sup>. Fernway will participate in at least one job fair in Northampton (planned for October) and at least two informational sessions in Northampton (planned for April and July) per year. Informational sessions will be recorded and/or livestreamed on social media to provide access to individuals who are unable to attend in person. Fernway will rely upon the same outlets to promote these events as it does to promote new job openings, including ELEVATE Northeast's messaging platforms. Fernway will only host and/or participate in events where 85% of the attendees are reasonably expected to be 21 years of age or older, as determined by reliable, current audience composition data, in accordance with 935 CMR 500.105(4)(a)(2) and (b)(2).

### **Measurements**

The success of these equity programs will be measured primarily by hiring managers keeping track of the number of employees from the identified groups who are hired, retained, or promoted by Fernway, with the initial goal of at least 25% of total staff falling into at least one of the identified groups. Though Fernway does not anticipate having more than 10 employees by the end of its first year of licensure, Fernway's goal for its first year of its licensure is to hire at least one employee from each of the identified groups. In addition, during

<sup>1</sup> Please note that these events will not be the same events mentioned in the Fernway Plan For Positively Impacting Areas of Disproportionate Impact, and are separate and distinct programs.

Fernway's recruitment process for an open position, hiring managers will gather the following data to measure the program's success:

- Number of postings in diversity-focused outlets, with supporting documentation
- Percentage of each identified group reflected in the applicant and interview pool

Fernway's goal for its first year of licensure is for at least 50% of applicants for each position to fall into the identified groups, and at least 50% of job postings published in diversity-focused outlets. Hiring managers will track applicant and job posting data and place it into a standardized report after each hiring period. These reports will be used to track application trends over time and will allow Fernway to continuously refine its recruitment process to guarantee robust representation of the identified groups in all applicant pools. Fernway's Human Resources Manager will track the percentage of new hires and percentage of total staff that are members of the identified groups, and will use this data to conduct quarterly and annual evaluations of Fernway's success in meeting its diversity and equity goals. This data will be documented and presented to the Commission one year after receiving a provisional license and each year thereafter upon renewal, and the Human Resources Manager will also use this data to advocate for improvements to Fernway's diversity program, where necessary.

Fernway plans to prioritize promotion from within to maximize employee buy-in, and its Human Resources Manager will track the percentage of promotions given to members of the identified groups to ensure sufficient representation of these groups in management roles. These measurements will be documented and presented to the Commission one year after receiving a provisional license and each year thereafter upon renewal. Fernway's goal for the first year of licensure is for at least 50% of promotions to be given to employees who fall into the identified groups.

Fernway's goal for the first year of licensure is for at least 50% of attendees at each information session and job fair to fall into the identified groups. Fernway's CMO will gather data to measure the success of Fernway's recruitment events and informational sessions. This data will include the number of individuals from the identified groups who attend such events, which will be tracked during the event and through post-event email surveys. This data will be documented and presented to the Commission one year after receiving a provisional license and each year thereafter upon renewal.

## FERNWAY DIVERSITY PLAN: EXHIBIT A



November 20, 2019

ELEVATE Northeast  
346 River Street  
Norwell MA 02061

**Re: Letter of Intent to Collaborate On Diversity Initiatives**

Beth,

Please accept this document as a letter of our intent to establish a working relationship with ELEVATE Northeast, and to collaborate on Fernway's upcoming company diversity initiatives. These initiatives are meant to build social and professional equity within demographic groups (identified by the Cannabis Control Commission) that have been historically excluded from the marijuana industry.

Fernway's overall goals in these initiatives are to 1) ensure diversity in Fernway's workforce, and 2) promote diversity in the Massachusetts cannabis industry. Fernway intends to collaborate with ELEVATE Northeast on the following:

- Sharing Fernway job postings with ELEVATE Northeast's constituents via their messaging platforms
- Promoting Fernway's professional development events, which will include one (1) annual job fair and two (2) annual informational sessions, and which will be held within Fernway's first year of operation

We are thrilled to become business members of ELEVATE Northeast and look forward to working with you.

Best,



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Christopher (Kit) Gallant  
CEO & Co-Founder  
Fernway LLC  
kit@fernway.com  
203-824-3541

I acknowledge and agree to the terms above.



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Beth Waterfall  
Executive Director  
ELEVATE Northeast