



# Massachusetts Cannabis Control Commission

## Marijuana Microbusiness

### General Information:

License Number: MB281346  
Original Issued Date: 05/28/2020  
Issued Date: 09/14/2023  
Expiration Date: 09/14/2024

## ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: UPROOT LLC

Phone Number: 401-699-8079 Email Address: daiellojr@gmail.com

Business Address 1: 41 Fremont St Business Address 2:

Business City: Worcester Business State: MA Business Zip Code: 01603

Mailing Address 1: 41 Fremont St Mailing Address 2:

Mailing City: Worcester Mailing State: MA Mailing Zip Code: 01603

## 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: 36.8 Percentage Of Control: 36.8

Role: Owner / Partner Other Role:

First Name: David Last Name: Aiello Suffix: Jr

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: 50.1 Percentage Of Control: 50.1  
Role: Owner / Partner Other Role:  
First Name: Khue Last Name: Nguyen Suffix:  
Gender: Female User Defined Gender: M  
What is this person's race or ethnicity?: Asian (Chinese, Filipino, Asian Indian, Vietnamese, Korean, Japanese)  
Specify Race or Ethnicity:

ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

No records found

CLOSE ASSOCIATES AND MEMBERS

No records found

CAPITAL RESOURCES - INDIVIDUALS

Individual Contributing Capital 1

First Name: David Last Name: Aiello Suffix:  
Types of Capital: Monetary/Equity Other Type of Capital: Total Value of the Capital Provided: \$200000 Percentage of Initial Capital: 100  
Capital Attestation: Yes

CAPITAL RESOURCES - ENTITIES

No records found

BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES

No records found

DISCLOSURE OF INDIVIDUAL INTERESTS

No records found

MARIJUANA ESTABLISHMENT PROPERTY DETAILS

Cultivation Environment: Indoor Establishment Activities: Both Cultivating and Manufacturing  
Establishment Address 1: 41 Fremont St  
Establishment Address 2:  
Establishment City: Worcester Establishment Zip Code: 01603  
Approximate square footage of the Establishment: 6500 How many abutters does this property have?: 23  
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	Host Community Certification Form.pdf	pdf	5cb608ae9b1a9b44dfe4ce20	04/16/2019
Plan to Remain Compliant with	Plan to Remain Compliant with Local	pdf	5d93e2e879b12e15e03d946f	10/01/2019

Local Zoning	Zoning (10.1.19).pdf			
Community Outreach Meeting Documentation	Community Outreach Meeting Attestation Form.pdf	pdf	5e05cac000f72d57285ee981	12/27/2019

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.: \$15000

### POSITIVE IMPACT PLAN

Positive Impact Plan:

Document Category	Document Name	Type	ID	Upload Date
Plan for Positive Impact	Plan for Positive Impact 2019.10.08.pdf	pdf	5dc34521d5b0805341c608a4	11/06/2019

### ADDITIONAL INFORMATION NOTIFICATION

Notification: I understand

### INDIVIDUAL BACKGROUND INFORMATION

Individual Background Information 1

<b>Role:</b>	<b>Other Role:</b>
<b>First Name:</b> David	<b>Last Name:</b> Aiello <b>Suffix:</b>
<b>RMD Association:</b> Not associated with an RMD	
<b>Background Question:</b> no	

Individual Background Information 2

<b>Role:</b>	<b>Other Role:</b>
<b>First Name:</b> Khue	<b>Last Name:</b> Nguyen <b>Suffix:</b>
<b>RMD Association:</b> Not associated with an RMD	
<b>Background Question:</b> no	

### ENTITY BACKGROUND CHECK INFORMATION

No records found

### MASSACHUSETTS BUSINESS REGISTRATION

Required Business Documentation:

Document Category	Document Name	Type	ID	Upload Date
Bylaws	Magic Dragon - Operating Agreement.pdf	pdf	5cba0499df25934c58f85450	04/19/2019
Articles of Organization	Magic Dragon Cert. of Organization.pdf	pdf	5cba04ba36e3e844f3b51bd0	04/19/2019
Department of Revenue - Certificate of Good standing	Certificate of Good Standing Department of Revenue.pdf	pdf	5d26e05bf743040530211504	07/11/2019
Secretary of Commonwealth - Certificate of Good Standing	Certificate of Good Standing Updated.pdf	pdf	5d8b0826e87dc81b07ffeb2a	09/25/2019

Certificates of Good Standing:

Document Category	Document Name	Type	ID	Upload Date
Department of Unemployment Assistance - Certificate of	DUA COGS.pdf	pdf	64d30d6422035f0008ffb02c	08/08/2023

Good standing				
Department of Revenue - Certificate of Good standing	COGS Dep of revenue.pdf	pdf	64d30e7522035f0008ffb05b	08/08/2023
Secretary of Commonwealth - Certificate of Good Standing	cogs sos.pdf	pdf	64d4617ce317fe0008fddf04	08/10/2023

Massachusetts Business Identification Number: 001325292

Doing-Business-As Name:

DBA Registration City:

### BUSINESS PLAN

Business Plan Documentation:

Document Category	Document Name	Type	ID	Upload Date
Plan for Liability Insurance	plan obtain liability.pdf	pdf	64d3369722035f0008ffb6c3	08/09/2023
Proposed Timeline	Uproot Timeline.pdf	pdf	64d3395ee317fe0008fca418	08/09/2023
Business Plan	Uproot Business Plan2.pdf	pdf	64d33a0522035f0008ffb75c	08/09/2023

### OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

Document Category	Document Name	Type	ID	Upload Date
Storage of marijuana	Storage Plan.pdf	pdf	5d3f6a5eba408534125084c6	07/29/2019
Qualifications and training	Employee Qualifications and Training (10.1.19).pdf	pdf	5d93dfbe67e7d91adfc670d6	10/01/2019
Inventory procedures	Inventory Plan (10.1.19).pdf	pdf	5d93dfe8bc90861af114b759	10/01/2019
Quality control and testing	Quality Control and Testing for Contaminants (10.1.19).pdf	pdf	5d93e00de87dc81b07ffcfca	10/01/2019
Record Keeping procedures	Record Keeping Procedures (10.1.19).pdf	pdf	5d93e0fac99740160131ca70	10/01/2019
Security plan	Security Plan (10.1.19).pdf	pdf	5d93e1341b7a141b1db8378b	10/01/2019
Transportation of marijuana	Transportation Plan (10.1.19).pdf	pdf	5d93e15a79b12e15e03d9466	10/01/2019
Maintaining of financial records	Maintenance of Financial Records (10.1.19).pdf	pdf	5d93e18abc90861af114b760	10/01/2019
Policies and procedures for cultivating	Cultivation Policy (10.1.19).pdf	pdf	5d93e23d08d9401ae68c5967	10/01/2019
Restricting Access to age 21 and older	Restricting Access to Age 21 and Older (10.8.19).pdf	pdf	5d9cae111b7a141b1db848a1	10/08/2019
Personnel policies including background checks	Personnel Policies 2019.10.08.pdf	pdf	5d9cc6806eb01d1b28fb08b0	10/08/2019
Prevention of diversion	Prevention of Diversion (10.8.19).pdf	pdf	5d9cc807c99740160131db2d	10/08/2019
Separating recreational from medical operations, if applicable	Separating Recreational from Medical Operations (10.8.19).pdf	pdf	5d9ccd111b7a141b1db84921	10/08/2019
Production methods	Production Methods 2019.10.08.pdf	pdf	5d9cd061e87dc81b07000e6b	10/08/2019
Sample of unique identifying marks for	uproot plain light.jpg	jpeg	606c14af9cefd04567d4c26f	04/06/2021

branding				
Diversity plan	Diversity Plan - 2020.05.11.pdf	pdf	609d85a93fd8b2075df9f455	05/13/2021
Types of products	types of products.pdf	pdf	64d33cf2e317fe0008fca4ba	08/09/2023

### 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 Agree

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 Agree

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

### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

### COMPLIANCE WITH POSITIVE IMPACT PLAN - PRE FEBRUARY 27, 2024

#### Progress or Success Goal 1

**Description of Progress or Success:** The company has not yet commenced operations or begun its hiring process. The provided positive impact plan includes details regarding the location and capacity of educational sessions, and plans to fulfill the goals outlined in the updated Positive Impact Plan.

### COMPLIANCE WITH DIVERSITY PLAN

#### Diversity Progress or Success 1

**Description of Progress or Success:** The company has not yet commenced operations or begun its hiring process. The company has uploaded an updated Diversity Plan, and plans to fulfill the goals outlined in the updated Diversity plan.

### PRODUCT MANUFACTURER SPECIFIC REQUIREMENTS

#### Item 1

Name of Item: 1 Item Type: Flower

Item Description: 1q24

### HOURS OF OPERATION

Monday From: 9:00 AM Monday To: 8:00 PM

Tuesday From: 9:00 AM Tuesday To: 8:00 PM

Wednesday From: 9:00 AM Wednesday To: 8:00 PM

Thursday From: 9:00 AM Thursday To: 8:00 PM

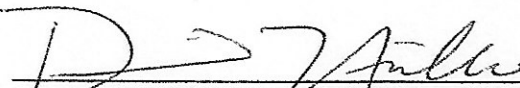
Friday From: 9:00 AM	Friday To: 8:00 PM
Saturday From: 10:00 AM	Saturday To: 8:00 PM
Sunday From: 10:00 AM	Sunday To: 8:00 PM

## 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).

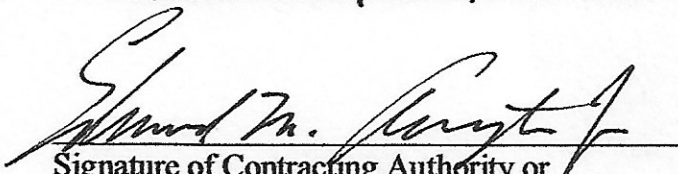
### Applicant

I, David J. Aiello, (*insert name*) certify as an authorized representative of Magik Dragon LLC (*insert name of applicant*) that the applicant has executed a host community agreement with Worcester, MA (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on MARCH 21, 2019 (*insert date*).

  
Signature of Authorized Representative of Applicant

### Host Community

I, Edward M. Augustus, Jr., (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for the City of Worcester (*insert name of host community*) to certify that the applicant and the City of Worcester (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on MARCH 21, 2019 (*insert date*).

  
Signature of Contracting Authority or  
Authorized Representative of Host Community  
Edward M. Augustus, Jr.  
City Manager

## MAGIC DRAGON – Plan to Remain Compliant with Local Zoning

Magic Dragon will remain compliant at all times with the local zoning requirements set forth in Worcester’s Zoning Ordinance and, more specifically, Worcester’s recent Amendment to the Zoning Code Ordinance Relative to Adult Use Marijuana. In accordance with Worcester’s Zoning Ordinance, Magic Dragon’s proposed co-located cultivator and product manufacturer Micro-Business at 45-61 Fremont Street, is located in an ML (Manufacturing, Limited) 2.0 Zoning District, which allows for the siting of marijuana Micro-Businesses pursuant to issuance of a special permit<sup>1</sup>. Magic Dragon’s location is also in an “Eligible Area” for Micro-Businesses & Product Manufacturers less than 5,000 SF and not within a “Buffer Zone” as presently identified on Worcester’s adult use zoning analysis maps<sup>2</sup>. In compliance with the Zoning Ordinance Amendment, Magic Dragon will apply to the Worcester Planning Board (Worcester’s “Special Permit Granting Authority”) for a special permit authorizing its Micro-Business cultivation and manufacturing facility.

Furthermore, pursuant to Worcester’s Zoning Ordinance, Magic Dragon’s proposed facility is not located within 500 feet of a public or private, primary or secondary school, licensed daycare center, public library, public park or playground. This 500 foot distance is measured in a straight line from the nearest point of the facility in question to the nearest point of the Fremont Street facility. When submitting its application for a special permit to the Worcester Planning Board, Magic Dragon will include a plan signed by a licensed surveyor, depicting compliance with the linear distance requirements of Worcester’s Zoning Ordinance. Magic Dragon will apply for any other local permits required to operate a marijuana establishment at the proposed location. In addition, Magic Dragon will comply with all conditions and standards set forth in any local permit required to operate a marijuana establishment at Magic Dragon’s Fremont Street location. This includes compliance with the dimensional requirements set forth in Table 4.2 of Worcester’s Zoning Code, and also the implementation of an odor control plan that will provide for the proper and adequate ventilation of the facility in such a manner so as to prevent pesticides, insecticides or other chemicals used in the cultivation or processing of marijuana or marijuana related products from being dispersed or released outside the facilities.

Magic Dragon has already convened, on August 22, 2018, a Community Outreach Meeting for its proposed Marijuana Cultivation and Product Manufacturing Microbusiness at the Worcester Hilton Garden Inn. Notice of the Community Outreach Meeting was published in the Worcester telegram on August 16, 2018. Magic Dragon has convened meetings with various municipal officials and boards to discuss Magic Dragon’s plans for a proposed marijuana establishment and has worked cooperatively with those officials and boards, culminating in the execution of a Host Community Agreement with the City on March 21, 2019. Magic Dragon will continue to work cooperatively with various municipal departments, boards, and officials to ensure that Magic Dragon’s marijuana establishment remains compliant with all local laws, regulations, rules, and codes with respect to design, construction, operation, and security. Magic Dragon will also retain local counsel to assist with ongoing compliance with local zoning requirements.

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<sup>1</sup> See Section 7 of Worcester’s Zoning Code Amendment Relative to Adult Use Marijuana, available at: <http://www.worcesterma.gov/uploads/27/13/2713f492f23bac1f30773b1b8c079d8/rec-marijuana-zoning-amendment.pdf>

<sup>2</sup> Available at: <http://www.worcesterma.gov/uploads/62/04/6204a53ed1d66822fe9c33131d471e53/adult-use-marijuana-maps.pdf>

## 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, David Aiello, (*insert name*) attest as an authorized representative of Magic Dragon (*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 October 25, 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 October 18, 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 October 17, 2019 (*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 October 18, 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.

**Attachment A**  
**Newspaper Notice**

## PUBLIC NOTICE

Public Notice Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Cultivation and Product Manufacturing Microbusiness is scheduled for Friday, October 25 2019 at 5:00 PM at the Hilton Garden Inn, 35 Major Taylor Blvd, Worcester, MA 01608 in room "Garden A". The proposed Marijuana Microbusiness is anticipated to be located at 45-61 Fremont Street Worcester, MA 01603-2360. There will be an opportunity for the public to ask questions. Posted 10/18/2019 Posted 10/18/2019

Appeared in: **Worcester Telegram & Gazette** on Friday, 10/18/2019

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[Printer-friendly version](#)



[E-mail to a friend](#)

**Attachment B**  
**Municipal Notice**

PUBLIC NOTICE

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Cultivation and Product Manufacturing Microbusiness is scheduled for Friday, October 25, 2019 at 5:00 PM at the Hilton Garden Inn, 35 Major Taylor Blvd, Worcester, MA 01608 in Room "Garden A." The proposed Marijuana Microbusiness is anticipated to be located at 45-61 Fremont Street Worcester, MA 01603-2360. There will be an opportunity for the public to ask questions.

Received: 10/17/19  
David G. Hunt

## PUBLIC NOTICE

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Cultivation and Product Manufacturing Microbusiness is scheduled for Friday, October 25, 2019 at 5:00 PM at the Hilton Garden Inn, 35 Major Taylor Blvd, Worcester, MA 01608 in Room "Garden A." The proposed Marijuana Microbusiness is anticipated to be located at 45-61 Fremont Street Worcester, MA 01603-2360. There will be an opportunity for the public to ask questions.

Received  
Worcester City Clerk  
2019 OCT 17 PM 2:12

PUBLIC NOTICE

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Cultivation and Product Manufacturing Microbusiness is scheduled for Friday, October 25, 2019 at 5:00 PM at the Hilton Garden Inn, 35 Major Taylor Blvd, Worcester, MA 01608 in Room "Garden A." The proposed Marijuana Microbusiness is anticipated to be located at 45-61 Fremont Street Worcester, MA 01603-2360. There will be an opportunity for the public to ask questions.



**Attachment C**  
**Abutter Notice**

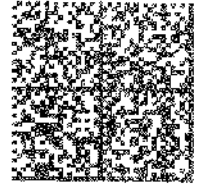
**CERTIFIED MAIL**



9414 7256 9904 2140 5515 60

**PRINCE LOE**

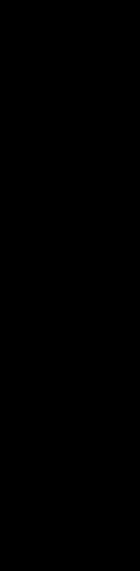
Prince Lobel Type LLP  
One International Place, Suite 3700, Boston, MA 02110



**FP** US POSTAGE  
\$006.80<sup>01</sup>

First-Class  
ZIP 02110

10/18/2019  
034A 00818D0655





Dave Aiello &lt;daiellojr@gmail.com&gt;

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**Uproot LLC**

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**Dave Aiello** <daiellojr@gmail.com>  
To: beatonj@worcesterma.gov

Fri, Jul 28, 2023 at 12:58 PM

Jen,

I'm a representative of Uproot LLC ("Uproot"), a proposed marijuana establishment at 41 Fremont Street. Uproot's license from the Cannabis Control Commission ("CCC") for the Establishment is currently up for renewal.

Pursuant 935 CMR 500.103(4)(f) and the CCC's renewal application requirements, I am writing to request the records of any cost incurred by the City of Worcester, reasonably related to the operation of the Establishment. In accordance with M.G.L. c. 94G, § 3(d), any cost to a city or town imposed by the operation of a Marijuana Establishment or MTC shall be documented and considered a public record as defined by M.G.L. c. 4, § 7, cl. 26.

Please do not hesitate to contact me directly if you have any comments or questions.  
Thank you,

Dave Aiello  
Uproot, LLC

August 8, 2023

To whom it may concern,

After a reasonable amount of time has passed, the applicant, Uproot, LLC, did not receive a response from the City of Worcester with regard to their request for municipal cost documentation.

Regards,

A handwritten signature in black ink, appearing to read "David Aiello". The signature is fluid and cursive, with the first name "David" and last name "Aiello" clearly distinguishable.

David Aiello  
Uproot, LLC

## **Plan for Positive Impact**

Magic Dragon LLC (the “**Company**”) is proposing to site a Marijuana Establishment at 61 Fremont Street, Worcester, MA, an area that has not been identified by the Commission as an area of disproportionate impact. However, neighboring census tracts located within Worcester are areas of disproportionate impact (“**Target Areas**”). Accordingly, the Company intends to focus its efforts in those communities and on Massachusetts Residents who have, or have parents or spouses who have, past drug convictions, with the ultimate goal of providing opportunities for entrance and advancement in the adult-use cannabis industry.

The Company will implement the following goals, programs and measurements pursuant to this Plan for Positive Impact (the “**Positive Impact Plan**”).

### **Goals:**

The Company’s goals for this Positive Impact Plan are as follows:

1. Initially hire, in a legal and non-discriminatory manner, **at least 25% of its employees** from Target Areas, and/or Massachusetts residents who have, or have parents or spouses who have, past drug convictions.
2. Contribute a minimum of **forty (40) hours** of volunteer time to charitable groups serving the Target Areas;

### **Programs:**

In an effort to reach the abovementioned goals, the Company shall implement the following practices and programs:

1. In an effort to ensure that the Company has the opportunity to interview, and hire, individuals from the Target Areas or Massachusetts residents who have past drug convictions it will: (1) Post **monthly notices** for the first **four (4) months** prior to hiring in newspapers of general circulation in those municipalities/Target Areas, including but not limited to, **the Worcester Telegram & Gazette**, and these notices will state, among other things, that the Company is specifically looking for Massachusetts residents who are 21 years or older and either (i) live in a Target Area or another area of disproportionate impact as defined by the Cannabis Control Commission; or (ii) have past drug convictions, to participate in the program; (2) Review the Commission’s database of approved Economic Empowerment Priority applicants and attempt to contact those eligible individuals; and (3) Reach out to Worcester Councilors who have expressed an interest in supporting and assisting Social Equity Program and Economic Empowerment Priority applicants. Such residency, or prior drug conviction status, will be a positive factor in hiring decisions, but this does not prevent the Company from hiring the most qualified candidates and complying with all employment laws and other legal requirements.
2. In an effort to ensure that it will meet its volunteering goals, the Company will encourage its employees to volunteer by providing work related incentives such as **2-4 paid volunteer days** with charitable groups serving the Target Areas, such as Project New Hope. The

Company will also support community projects serving the Target Areas each year in order to make a definitive positive impact in said Target Areas.

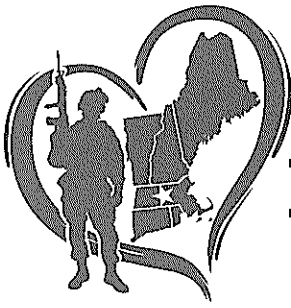
The Company respectfully submits that it will comply with the advertising, branding, marketing and sponsorship practices as outlined in 935 CMR 500.105(4) with respect to accomplishing the foregoing goals. The abovementioned notices will not include any Company advertisements, marketing materials or branding. To the extent the Commission deems necessary, notices and event programming materials will be made available to the Commission for review and inspection prior to publishing.

**Annual Review:**

Each year, the Company will review the following criteria in an effort to measure the success of its Positive Impact Plan.

1. Identify the number of individuals hired who (i) came from Target Areas, or other areas of disproportionate impact as defined by the Cannabis Control Commission; or (ii) have past drug convictions;
2. Identify the number of opportunities for advancement and/or promotions offered to the aforementioned individuals, and note whether or not they were accepted; and
3. Identify the amount of volunteer support as well as the amount of charitable donations the Company has made during the positive impact plan year, and to which organizations those donations went (and documentation from said charities about whether or not they serve the Target Areas or other areas of disproportionate impact, or residents with previous drug convictions, will be available for inspection by the Commission upon request).

The Company affirmatively states that it: (1) has confirmed that all of the abovementioned charities have (or will) accepted donations from the Company; (2) acknowledges and is aware, 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; (3) 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; and (4) the Company will be required to document progress or success of this plan, in its entirety, annually upon renewal of this license.



# Project New Hope INC.

Where Veterans  
Rebuild With Honor

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70 JAMES STREET, SUITE 157 • WORCESTER, MA 01603 • 508-762-9738 • FAX 508-304-9245  
WWW.PROJECTNEWHOPEMA.ORG

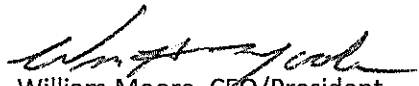
August 12, 2019

Mr. David Aiello, CEO  
Magic Dragon, LLC  
61 Fremont St.  
Worcester, MA 01603

Dear Mr. Aiello,

This letter is to certify that Project New Hope, Inc. acknowledges and understands that Magic Dragon, LLC is an adult use cannabis company and that Project New Hope, Inc. will accept monetary donations.

Sincerely,

  
William Moore, CEO/President

**LIMITED LIABILITY COMPANY AGREEMENT OF  
MAGIC DRAGON LLC**

THIS LIMITED LIABILITY COMPANY AGREEMENT this (“**Agreement**”) of Magic Dragon LLC (the “**Company**”), is entered into by David J. Aiello, Jr. as the sole initial member of the Company (the “**Member**”) as of August 1, 2018.

WHEREAS, the Company was formed as a limited liability company with the name “Silk Road Holdings LLC” on April 30, 2018, by the filing of a Certificate of Organization with the Secretary of The Commonwealth of Massachusetts pursuant to and in accordance with the Massachusetts Limited Liability Company Act, Massachusetts General Laws, c. 156C (the “**Act**”); and

WHEREAS, the Company changed its name to “Magic Dragon LLC” on May 30, 2018, by the filing of a Certificate of Amendment with the Secretary of The Commonwealth of Massachusetts.

NOW, THEREFORE, the Member hereby sets forth the rights, duties and obligations with respect to the Company as follows:

1. Name. The name of the Company shall be “Magic Dragon LLC”.
2. Purpose. The principal purpose and general character of the Company’s business is to engage in cannabis activities and any and all activities necessary, advisable or incidental thereto, to the extent permitted and in accordance with Massachusetts law, and to engage in all other lawful business that a limited liability company may conduct in accordance with the Act. The Company shall have the power, privilege and authority to take any and all actions necessary, convenient, desirable or incidental to the business and purposes of the Company.
3. Principal Office. The address of the office of the Company in The Commonwealth of Massachusetts at which shall be kept the records required under Section 9 of the Act is 5 Fan Pier Boulevard, No. 1001, Boston, MA 02210, or such other address within The Commonwealth of Massachusetts as the Member may designate.
4. Resident Agent. The name and address of the resident agent for service of process on the Company is David J. Aiello, Jr. The Member may from time to time designate another person to be such resident agent, provided such person is an individual resident of, a corporation incorporated under the laws of, or a foreign corporation authorized to do business in, The Commonwealth of Massachusetts.
5. Member. The name of the sole initial member of the Company is David J. Aiello, Jr., with an address at 5 Fan Pier Boulevard, No. 1001, Boston, MA 02210.
6. Powers. The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or in furtherance of the purposes described herein, including all powers, statutory or otherwise, granted by the Act to members.

7. Capital Contributions. The capital contributions of the Member to the Company shall consist of any funds or property contributed to the Company by the Member as reflected in the books and records of the Company.

8. Distributions. Distributions shall be made at such times and in such amounts as the Member shall determine in accordance with the Act.

9. Additional Contributions. The Member is not required to make any additional capital contributions to the Company.

10. Dissolution. The Company shall continue until the earlier of (i) the effective date of judicial dissolution under Section 44 of the Act or (ii) the date specified in a written consent by the Member to dissolve the Company.

11. Incapacity. If the Member is adjudged by a court of competent jurisdiction to be incompetent or lacking in the capacity to manage the Member's person or property, the Member's personal representative may exercise all of the Member's rights for the purpose of administering his property.

12. Liability. The Member shall have no liability for the obligations or liabilities of the Company except to the extent required by the Act. No member shall be obligated personally for any debt, obligation or liability of the Company solely by reason of being a member of the Company.

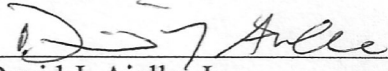
13. Governing Law. This Agreement shall be governed by, and construed and enforced under, the Act and the other laws of The Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

14. Effective Time. This Agreement shall be effective as of the time of the filing of a certificate of organization with the Secretary of The Commonwealth of Massachusetts.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Limited Liability Company Agreement as of the date first set forth above.

MEMBER:

  
\_\_\_\_\_

David J. Aiello, Jr.

[Limited Liability Company Agreement of Magic Dragon LLC]



**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: 001325292

The date of filing of the original certificate of organization: 4/30/2018

1.a. Exact name of the limited liability company: SILK ROAD HOLDINGS LLC

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

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

No. and Street: 5 FAN PIER BLVD  
1001  
 City or Town: BOSTON State: MA Zip: 02210 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:

4. The latest date of dissolution, if specified:

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

Name: DAVID AIELLO  
 No. and Street: 5 FAN PIER BLVD  
1001  
 City or Town: BOSTON State: MA Zip: 02210 Country: USA

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

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
MANAGER	DAVID J AIELLO JR	5 FAN PIER BLVD BOSTON, MA 02210 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 First, Middle, Last, Suffix	Address (no PO Box) 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:

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

**9. Additional matters:**

**10. State the amendments to the certificate:**

CHANGE OF COMPANY NAME.

**11. The amendment certificate shall be effective when filed unless a later effective date is specified:**

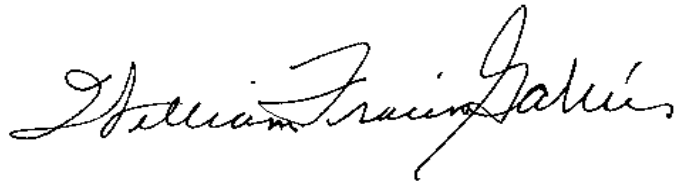
**SIGNED UNDER THE PENALTIES OF PERJURY, this 30 Day of May, 2018,**

/DAVID J AIELLO/ , 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:

May 30, 2018 05:11 PM

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

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*



**The Commonwealth of Massachusetts**  
**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: 001325292

1. The exact name of the limited liability company is: SILK ROAD HOLDINGS LLC

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

No. and Street: 5 FAN PIER BLVD  
1001  
 City or Town: BOSTON State: MA Zip: 02210 Country: USA

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

No. and Street: 5 FAN PIER BLVD  
1001  
 City or Town: BOSTON State: MA Zip: 02210 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:  
BAKED GOODS

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

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

Name: DAVID AIELLO  
 No. and Street: 5 FAN PIER BLVD  
1001  
 City or Town: BOSTON State: MA Zip: 02210 Country: USA

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

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

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
MANAGER	DAVID J AIELLO JR	5 FAN PIER BLVD BOSTON, MA 02210 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	Address (no PO Box)
-------	-----------------	---------------------

First, Middle, Last, Suffix

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:**

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

**9. Additional matters:**

**SIGNED UNDER THE PENALTIES OF PERJURY, this 30 Day of April, 2018,**

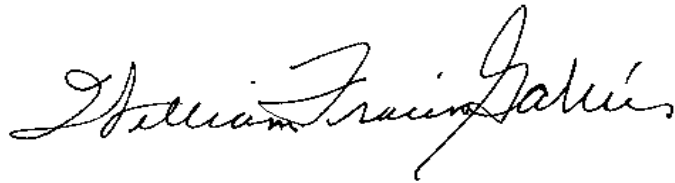
/DAVID J AIELLO/

*(The certificate must be signed by the person forming the LLC.)*

THE COMMONWEALTH OF MASSACHUSETTS

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

April 30, 2018 01:55 PM

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

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*



## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



DAVID AIELLO  
MAGIC DRAGON LLC  
5 FAN PIER BLVD UNIT 1001  
BOSTON MA 02210-2277



000057

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

The Commissioner of Revenue certifies that, as of the date of this certificate, MAGIC DRAGON 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?*

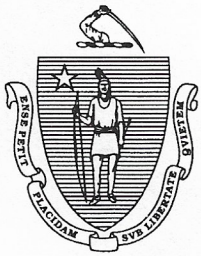
If you have questions, call us at (617) 887-6400 or toll-free in Massachusetts at (800) 392-6089, Monday through Friday, 8:30 a.m. to 4:30 p.m..

### *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



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

William Francis Galvin  
Secretary of the  
Commonwealth

September 18, 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

**MAGIC DRAGON LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **April 30, 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; that there are no proceedings presently pending under the Massachusetts General Laws Chapter 156C, § 70 for said Limited Liability Company's dissolution; 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: **DAVID J AIELLO JR**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **DAVID J AIELLO JR**

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



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

### **Plan for Obtaining Liability Insurance:**

Uproot LLC (the "Company") will work with an insurance broker licensed in the Commonwealth of Massachusetts to obtain insurance that meets or exceeds the requirements set forth in 935 CMR 500.105 (10).

Pursuant to 935 CMR 500.105(10) the Company shall obtain and maintain general liability insurance coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually, and product liability insurance coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually, or such amount as otherwise approved by the Commission.

The deductible for each policy shall be no higher than \$5,000 per occurrence. Pursuant to 935 CMR 500.105(10)(b) if the Company is unable to obtain minimum liability insurance coverage as required by 935 CMR 500.105(10)(a) the Company will place in escrow (the "Liability Insurance Escrow Account") a sum of no less than Two Hundred and Fifty Thousand and 00/100 (\$250,000.00) or such other amount approved by the Commission, to be expended for coverage of liabilities. If the Company is unable to obtain minimum liability insurance coverage as required by 935 CMR 500.105(10)(a) the Company will properly document such inability through written records that will be retained in accordance with the Company's Record Retention Policy (incorporated herein by reference). If the Liability Insurance Escrow Account is used to cover such liabilities, it will be replenished within ten (10) business days of such expenditure.

The Company will submit reports documenting compliance with 935 CMR 500.105(10) in a manner and form determined by the Commission pursuant to 935 CMR 500.000.

This policy may also be referred to by the Company as the "Liability Insurance Policy".

Uproot  
57 Fremont St  
Worcester, MA 01603



## **BUSINESS PLAN**

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# **LICENSED CANNABIS CULTIVATION, PRODUCT MANUFACTURING, AND DELIVERY COMPANY**

*This document contains  
Confidential & Proprietary Information  
belonging exclusively to Uproot, LLC*

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**01**



# **EXECUTIVE SUMMARY**

**Company Summary**

**Market Opportunities**

**Start-up Summary**

**Financial Summary**

## Company Summary

Uproot is a new vertically integrated recreational cannabis supplier. The company will be operating a licensed recreational cannabis cultivation and manufacturing facility in Worcester, MA.

Uproot is organized as a limited liability company, and will be led by Dr. David Aiello, who will serve as CEO, and Andrew Czarnecki, who will serve as COO.

### Main Goals

- ✓ To operate a profitable cannabis cultivation, manufacturing and delivery company in the state of Massachusetts.
- ✓ To grow and produce high-grade cannabis products and build a recognizable brand in a new, rapidly growing industry.
- ✓ To be fully compliant with all state and municipal regulations, and be primed and ready for national expansion as federal laws adjust and evolve to the benefit of the cannabis industry.
- ✓ To supply high grade cannabis and cannabis products to licensed dispensaries and retail stores.
- ✓ To achieve first-mover advantage as one of the first companies in MA licensed to sell direct-to-consumer via home delivery.

### Mission

- ✓ To establish Uproot as a premium brand in the cannabis industry by producing top quality cannabis flower and cannabis-infused products, and a convenient home delivery experience.

### Main Objectives

- ✓ Pass final license inspections to commence Cultivation, Manufacturing and delivery operations
- ✓ Complete the build-out of our Worcester facility
- ✓ Net annual income to greatly exceed operational expenses.
- ✓ Monthly sales and capacity increasing steadily throughout the first year.
- ✓ Become first mover for direct-to-consumer cannabis deliveries in the greater Worcester area.

### Products & Services

Company will have the ability to flower approximately 5000 plants concurrently, will aim to complete 4 full harvest cycles per year, will grow approximately 12 different strains of cannabis, and will have the ability to grow from seedling to finished product. The company will be manufacturing “Uproot” branded cannabis products such as pre-rolled joints, concentrates, and infused edibles. The company also plans to be one the first in Massachusetts to offer direct-to-consumer recreational cannabis deliveries.

## Market Opportunities

According to the report by Arcview Market Research and BDS Analytics: “The Road Map to a \$57 Billion Worldwide Market”<sup>1</sup>, spending on legal cannabis worldwide is expected to hit \$57 billion by 2027. The recreational cannabis market will cover about 67% of the spending while medical cannabis will take up the remaining 33%.

The North America legal cannabis market amounted to \$12 billion in 2018, growing by 30 percent on the year. The largest market was the United States, which totaled \$10.4 billion. It was followed by Canada with \$1.6 billion. Analysts predict the overall cannabis market for legal adult-use and medical sales in North America to reach \$24.5 billion by 2021 with the compound annual growth rate (CAGR) to almost 28%.

Over 60% of the U.S. population now lives in states and territories that have legalized some form of cannabis use and sales.

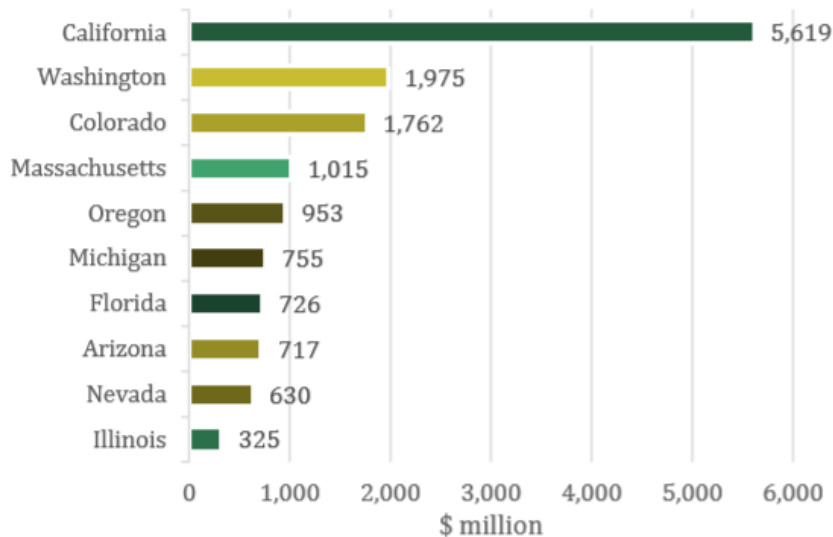


Figure 1. Medical and recreational cannabis sales in top states, 2020

In 2008 Massachusetts voters decriminalized the possession of small amounts of cannabis and in 2012 Massachusetts became the 18th state to legalize medical cannabis through a ballot.

In November 2016, Massachusetts voters approved Question 4, the initiative to legalize the recreational use of cannabis and first retail cannabis business was opened in Massachusetts in November 2018.

Cannabis stores sold about \$9.3 million worth of cannabis products during the first month and in February 2020 total legal cannabis sales exceeded \$500 million, according to figures released by the Cannabis Control Commission<sup>2</sup>.

It is expected over 700,000 customers potentially interested in using of a recreational cannabis and adult-use cannabis market in Massachusetts is projected to become a \$1 billion industry by the end of this year.

<sup>1</sup> <https://arcviewgroup.com/research/reports/>

<sup>2</sup> <https://opendata.mass-cannabis-control.com/stories/s/xwwk-y3zr>

## Start-up Summary

Table 1. Start-up expenses, \$

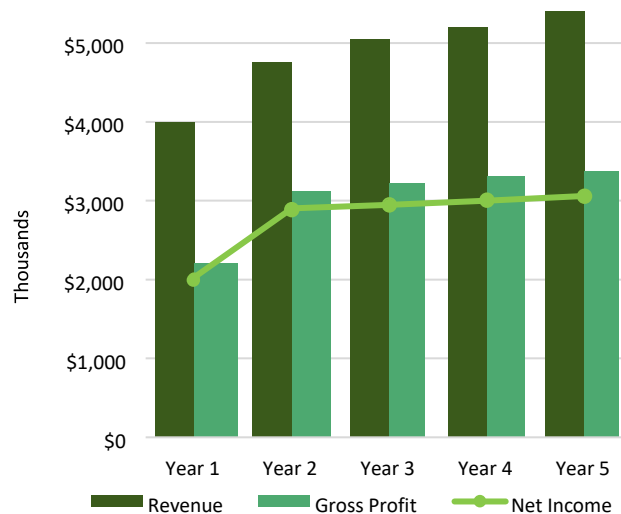
	\$	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>CAPEX</b>					
<b>CAPEX (cultivation)</b>					
Land & Development		0	0	0	0
Facility Build-Out		209,400	0	0	0
Growing Equipment		66,540	0	0	0
Lighting System		133,238	-65,400*	0	0
Alarm & Security System		14,184	0	0	0
Monitoring - Video & Camera System		9,929	0	0	0
Computer Systems		7,092	0	0	0
Office Building/Room		0	0	0	0
Expansion		0	0	0	0
<b>CAPEX (extraction/manufacturing)</b>					
Facility Build-Out		0		0	52,200
Extraction Equipment		0	0	0	111,375
Processing Equipment		0	0	0	74,250
Vacuum Ovens		0	0	0	9,900
Automated Machines for Filling Pens and Cartridges		0	0	0	12,375
Freezer/Refrigerators		0	0	0	4,950
Alarm & Security		0	0	0	4,180
Monitoring - Video & Camera System		0		0	2,100
Computer System		0	0	0	2,475
Expansion		0	0	0	0
<b>Total</b>		<b>479,683</b>	<b>0</b>	<b>0</b>	<b>273,805</b>
<b>OPEX</b>					
<b>COGS - Cost of Goods Sold</b>		82,325	219,796	247,522	247,522
<b>G&amp;A Expenses - Initial &amp; General Costs</b>		37,188	12,188	12,188	12,188
<b>G&amp;A Expenses - Cultivation</b>		57,083	95,625	95,625	95,625
<b>G&amp;A Expenses - Extraction/Manufacturing</b>		0	0	0	20,494
<b>SG&amp;A Expenses - Marketing &amp; Sales Expenses</b>		0	3,550	10,969	10,969
<b>Salaries &amp; Benefits</b>		40,900	40,900	80,500	105,000
<b>SG&amp;A Expenses - Misc.</b>		2,038	-62,627	2,978	2,978
<b>Total</b>		<b>219,534</b>	<b>309,432</b>	<b>449,782</b>	<b>490,276</b>
<b>Total, CAPEX and OPEX</b>		<b>699,217</b>	<b>309,432</b>	<b>449,782</b>	<b>764,081</b>
*National Grid Incentive Payment					

## Financial Summary

Uproot's startup costs will be funded largely through personal savings and private investments.

Uproot is expected to generate nearly \$4,780,000 in gross revenues with net income of nearly \$3,000,000 in Year 2, its first full year of operations. In subsequent years, revenue is expected to gradually increase while maintaining or increasing net income levels. These forecasts account for income from cultivation of cannabis flower, concentrates, and infused products. It does not factor in potential income from direct-to-consumer deliveries, which the company is aiming to have operational before the end of Q2 2022, or as soon as final approval is received by the Cannabis commission.

Revenue & Profit ForecastCash Flow Forecast



The company expects to be profitable in Year 1, breaking even after approximately 6 months of operations and generating approximately \$2,000,000 in net income. After the first year of operations, it is expected that the company will be able to trim expenses through realizing business efficiencies, gaining operational experience and industry knowledge. This will allow the company to maintain high profit margins and net income despite wholesale cannabis prices gradually stabilizing from their presently inflated levels. As the wholesale market stabilizes, home delivery is expected to continue growing as the company seeks to expand operations throughout the state.

The company plans to disburse net profits into capital accounts held in the name of each member of the LLC, in a manner outlined in the operating agreement.

02



# Market Overview

**Global Cannabis Market**

**North America Cannabis Market**

**The U.S. Cannabis Market**

**Concentrates and Infused Products Sector**

**Massachusetts Cannabis Industry**

**SWOT Analyses**

## Global Market

The global legal cannabis market amounted to \$9.5 billion in 2017, growing by 37 percent on the year, according to the report “The Road Map to a \$57 Billion Worldwide Market”<sup>3</sup>.

Spending on legal cannabis worldwide is expected to hit \$57 billion by 2027, while cannabis market in the United States and Canada is estimated to be about \$46.5 billion and other \$10.5 billion would go to other markets.

The largest growth rate is predicted within the rest-of-world markets, from \$52 million spent in 2017 to a projected \$2.5 billion in 2027.

The recreational cannabis market will cover about 67% of the spending while medical cannabis will take up the remaining 33%.

According to a report provided by Energias Market Research, the global medical cannabis market is projected to increase in value from \$8.28 billion in 2017 to \$28.07 billion in 2024 and at a CAGR of 19% from 2018 to 2024.

### Key Trends:

- The initial decision by many U.S. states and Canada to create medical-only cannabis regulations prompted many other countries to act similarly while legalization of adult recreational use in California and Canada triggered a second wave of legalizing laws internationally to increase access to medical cannabis.
- South America countries have the most liberal medical cannabis programs. Led by Brazil, Argentina, Peru and Uruguay, the South American medical cannabis market may grow from \$125 million in 2018 to \$776 million in 2027.
- Germany is ready to become the leader of the European cannabis market, and Italy is expected to be second with \$1.2 billion in sales by 2027. Some form of medical cannabis is now legal in 22 countries in Europe.
- Australia’s legal cannabis market is forecast to grow from \$52 million in 2018 to \$1.2 billion in 2027, the 5th largest in the world.
- Israel has a small population and a long history of legal medical cannabis use. It continues to be a leader over the years in the development of cannabis pharmaceuticals.

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<sup>3</sup> <https://arcviewgroup.com/research/reports/>

## North American Cannabis Market

The North America legal cannabis market amounted to \$12 billion in 2018, growing by 30 percent on the year. The largest market was the United States, which totaled \$10.4 billion. It was followed by Canada with \$1.6 billion.

The report from cannabis industry analysts Arcview Market Research, in partnership with BDS Analytics<sup>4</sup>, forecasts that the entire legal cannabis market in North America to reach \$24.5 billion in sales – a 28% annual growth rate by 2021 – as more countries and states legalize cannabis for recreational use and existing markets mature and will grow to \$47.3 billion six years later.

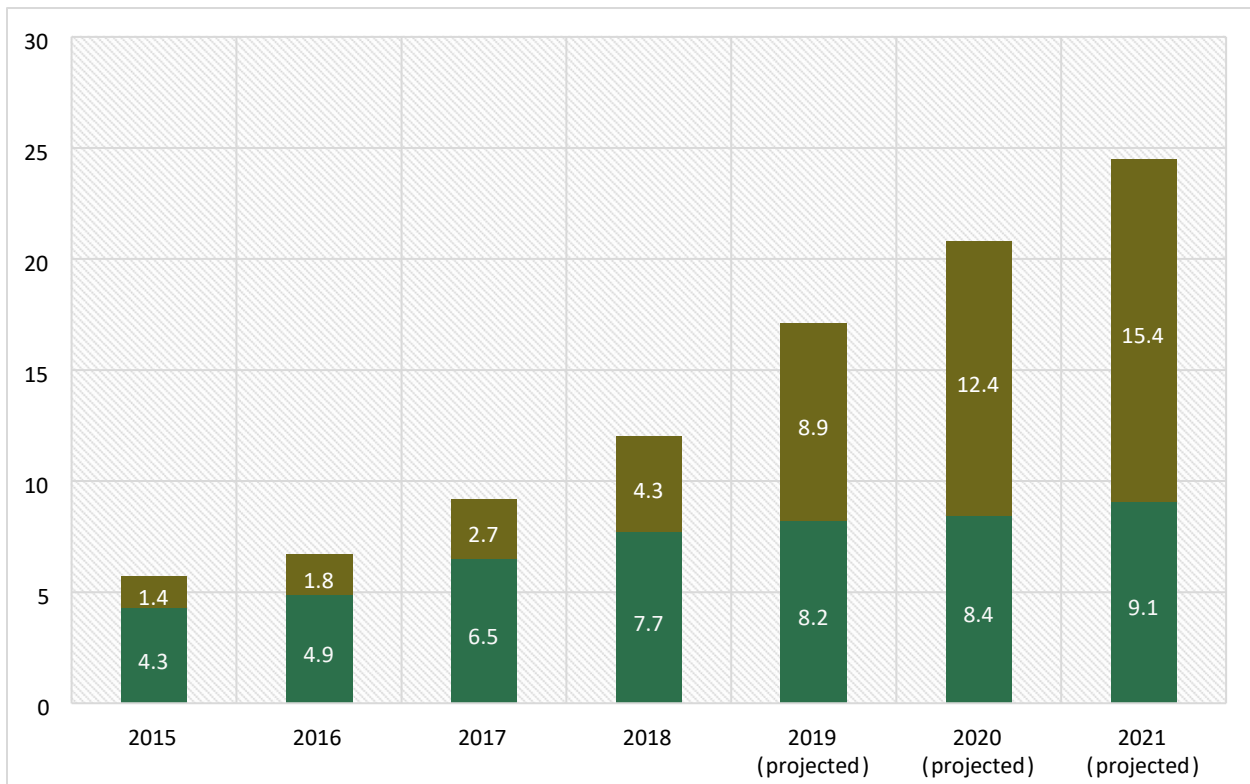


Figure 2. Medical and recreational cannabis sales forecast, billion \$

<sup>4</sup> <https://bdsanalytics.com/>



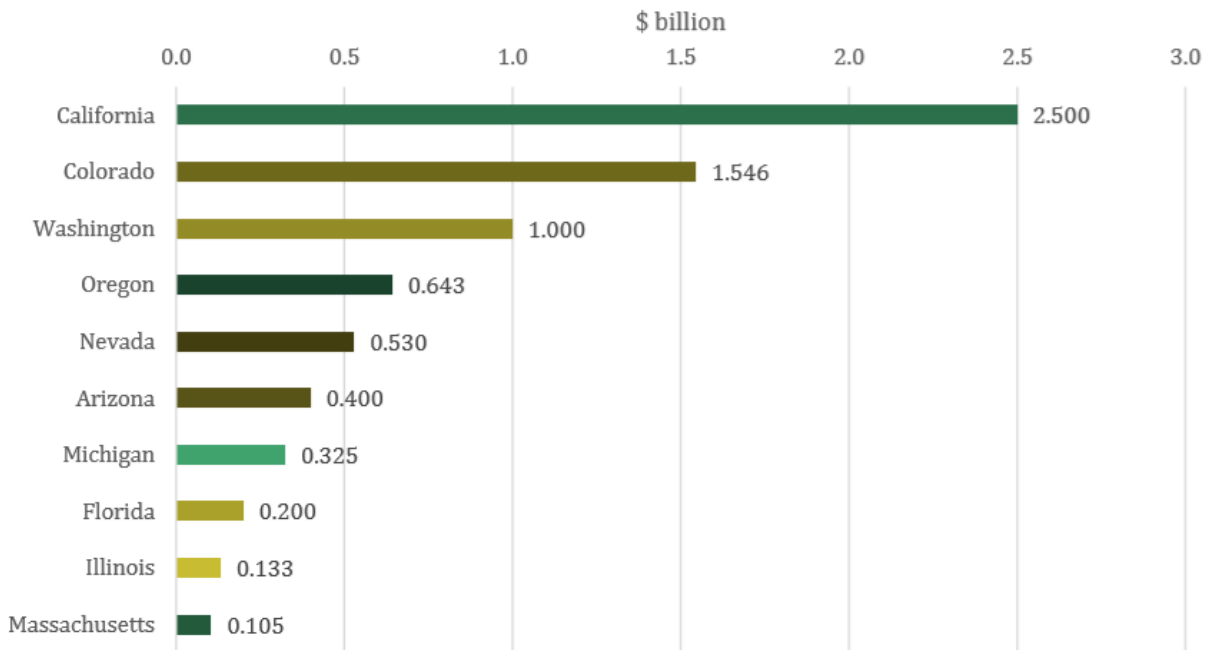


Figure 4. Medical and recreational cannabis sales in top states, 2018

There are about 10,000 active licenses for cannabis businesses in the U.S., according to Statista<sup>6</sup>. This includes cultivation, extraction and manufacturing, retail, distribution and testing licenses.

The industry employed 121,000 people in 2017 and 259,000 people in 2018. If cannabis market continues its growth trend, the number of workers in that industry could reach about 500,000 by 2022, according to New Frontier Data.

<sup>6</sup> <https://www.statista.com/statistics/596641/us-cannabis-businesses-number/>

## Wholesale Pricing Benchmarks

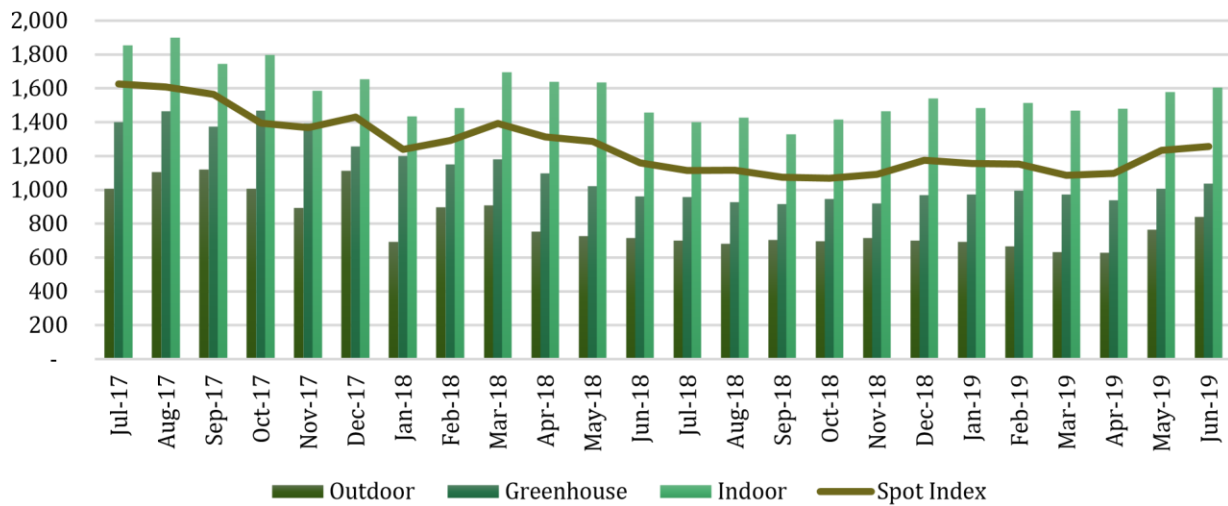


Figure 5. U.S. Wholesale flower prices, \$/pound 2017-2019

The U.S. Spot<sup>7</sup> fell by 21.8% from the opening to the closing week of 2018. Additionally, for Q4, the national composite rate averaged \$1,094 per pound, off by 32.8% compared to the quarterly average price of \$1,417 per pound, documented in the same period in 2017. Yet, Q4 2018's mean going rate is off by only 2.2% from Q3's quarterly average price of \$1,119 per pound. Rising rates in California, Colorado, and Oregon in the wake of the fall harvest period worked to mitigate the quarter-over quarter downturn.

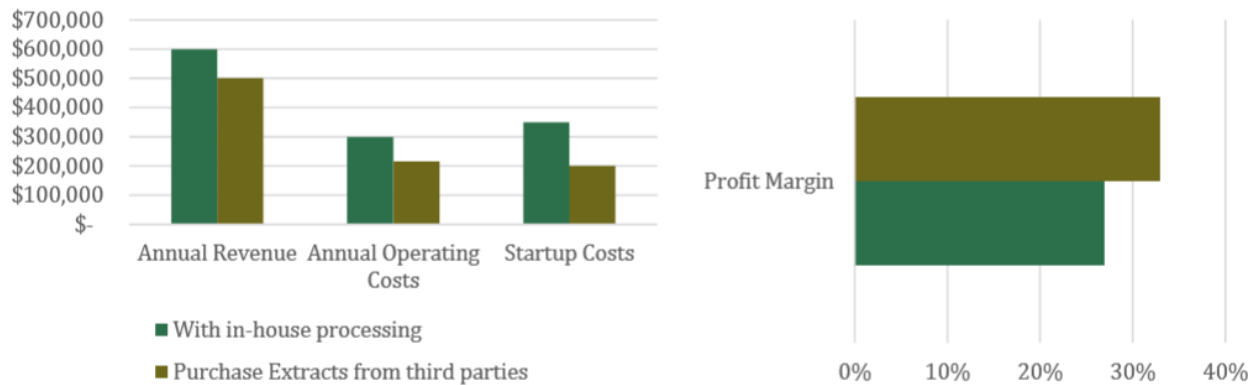
- ✓ **2016 U.S. Spot Index average = \$1,789**
- ✓ **2017 U.S. Spot Index average = \$1,562**
- ✓ **2018 U.S. Spot Index average = \$1,194**
- ✓ **2019 U.S. Spot Index average = \$1,283**

The seasonal impact of the fall harvest remains undeniable, driving prices to their annual low in November the last three years:

- ✓ **2016 low was \$1,386 on November 11th**
- ✓ **2017 low was \$1,368 on November 17th**
- ✓ **2018 low was \$1,047 on November 9th**
- ✓ **2019 low was \$1,109 on November 14th**

<sup>7</sup> <https://reports.cannabisbenchmarks.com>

### Concentrates and Infused Products Sector



Many of today’s larger concentrates companies started as tiny operations, but a good number have quickly moved out of basements and into industrial warehouses featuring high-tech equipment that costs tens of thousands of dollars.

Nationally, patients and consumers who favor concentrates spend an average of \$4,800 each year, more than double the average amount spent by cannabis users in general, according to What Cannabis Patients and Consumer Want, a marketing research report published by Marijuana Business Daily.

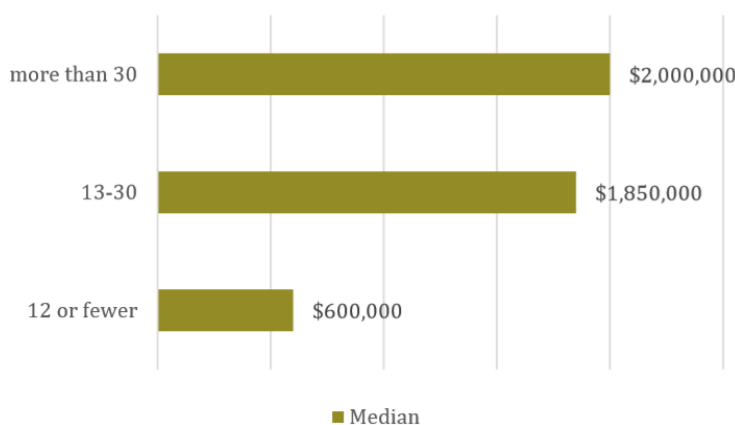


Figure 7. Typical infused product manufacturer annual revenue by number of products offered

The majority of infused product companies produce fewer than 12 products, that is why median revenue for this group of businesses is so similar to that of infused product companies as a whole.

While companies that produce more than 30 products are generating more revenue than businesses with a smaller range of offerings, it’s likely not because they’re producing more products. Rather, successful businesses are expanding on their

product lines as they grow, and the wider selection is a result of added revenue.

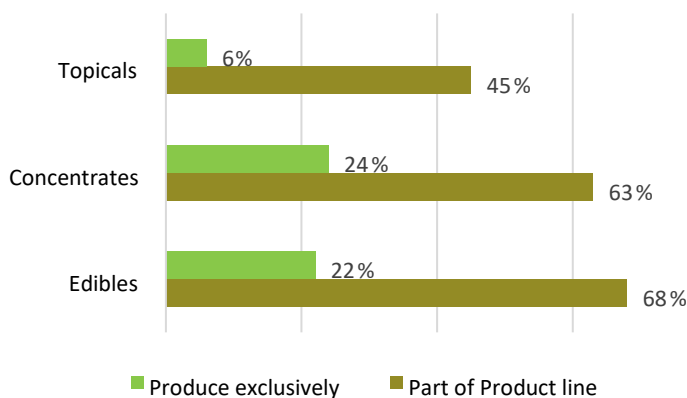
Lastly, the market in some states is maturing, and consumers/patients are increasingly demanding new types of products – leading to greater innovation and offerings.

The majority of infused product companies are manufacturing more than one type of good – typically edibles and concentrates, as these categories dominate the infused product landscape. Nearly half of all businesses are producing topicals, though just a small number have chosen to focus on this category exclusively – as it comprises a relatively small portion of the retail and medical markets.

Entrepreneurs are drawn to this segment of the industry because of the strong demand, falling price of wholesale cannabis and a general lack of restrictions on the number of available licenses in some key markets. There's also the potential for more sophisticated players to establish large and recognizable brands, as the same basic principles that make for a successful product in the traditional economy apply to the cannabis industry as well. An increasing number of companies are now selling products in multiple states, and even some celebrity brands are gaining traction in the market.

Portion of all infused product manufacturers that are profitable or break-even: 79%

One of the key hurdles that concentrates must face has to do with a negative public perception of the extraction process. However, as innovation and technology becomes a more integral part of the industry, producers of concentrates are developing cleaner, safer, and more efficient tools and processes to overcome this stereotype.



Manufacturers have taken notice and are extending product lines to occupy multiple segments of the infused products category. While this may maximize revenue in the short term, the industry grows more sophisticated by the day – and manufacturers that specialize on providing a top-quality product to a very narrow portion of the market may end up finding more success than those spread across multiple categories.

In 2014 when adult-use just launched in Colorado, over 70% of sales came from dried flower; in 2016, that was down to 55%. In contrast, concentrate sales were \$20 million in 2014, or 13% of sales. By the end of 2016 they had jumped to \$85 million and 25% of sales. Edibles (including candy, beverages, tinctures, and all food) more than tripled during the same period, from \$17 million to \$53 million, moving from 11% to 14% of sales. Vape pens and vape products, candy, and other portable and convenient methods of consumption are especially popular with Colorado consumers.

The contribution of sales from flower dropped to less than 50% in 2017 and 43% in 2018 in Colorado’s cannabis industry.

According to Arcview Research, after recreational cannabis legalization, the edibles market went from \$17 million to \$53 million in the first 2.5 years in Colorado and soared 121% within first year in Washington state.

Sales of cannabis edibles in Arizona, California, Colorado and Oregon reached US\$685 million between January and October of 2018, according to data provided by cannabis market data firm BDS Analytics. But consumers in those states spent more than US\$1.4 billion on cannabis concentrates during the same period. Vape sales contributed about 20% of revenues at stores in Arizona, California, Colorado, and Oregon combined in 2018.

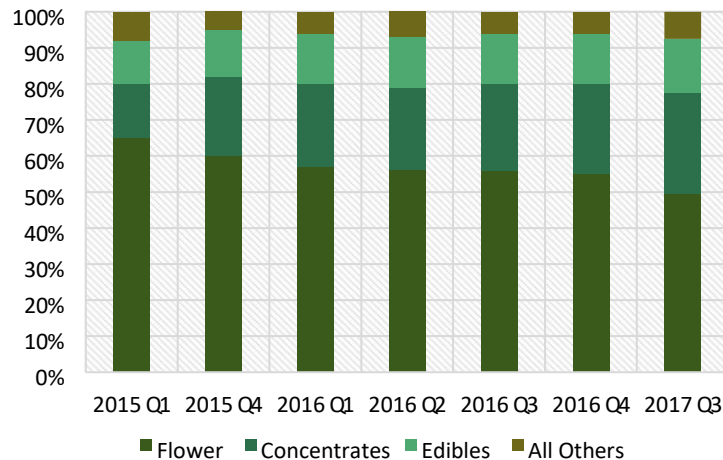


Figure 9. Trend sample in Colorado

According to a report by Arcview Market Research in partnership with BDS Analytics, consumer spending on cannabis concentrates in the United States is projected to reach nearly \$3 billion in 2018, an increase of 49 percent over last year’s sales. According to the report, cannabis concentrate’s market share grew from 11.7% to about 29% from 2017 to 2018.

## Massachusetts Cannabis Market

In 2008 Massachusetts voters decriminalized the possession of small amounts of cannabis and in 2012 Massachusetts became the 18<sup>th</sup> state to legalize medical cannabis through a ballot.

In November 2016, Massachusetts voters approved Question 4, the initiative to legalize the recreational use of cannabis for adults 21 years of age and older. In December 2016, the Massachusetts state legislature voted to delay sales of recreational cannabis for six months. Originally, licensing for cannabis shops was set to begin in January 2018, but the delay moved the date and first retail cannabis business opened in Massachusetts in November 2018.

### Cannabis Control Commission (CCC) Milestones / Timeline<sup>8</sup>

April 4, 2018	First applications accepted for recreational marijuana licenses, with priority given to existing Medical Marijuana establishments.
November 20, 2018	CCC issued first license to Medical Marijuana establishment to operate in the recreational market
September 24, 2019	Regulations finalized for home delivery and social consumption licensing
May, 2020	CCC began accepting license applications for delivery and social consumption licenses, with priority given to microbusinesses, ‘social equity’ and ‘economic empowerment’ candidate-owned businesses.

In 2018, there were over 60,000 (up from 19,000 in early 2016) people who have gotten medical cannabis cards that allow them to use medical cannabis legally to treat a variety of ailments. They were served by 47 medical cannabis dispensaries.

### Adult-Use Applications and Licenses

As of December 2019, 661 applications have been submitted, including 273 retailer, 199 cultivator, 156 manufacturer, 15 microbusiness, 7 testing licenses, 11 transporters, 4 research facilities and 2 craft marijuana cooperatives. 107 Final licenses have been awarded, including 40 retailer, 33 cultivator, 27 manufacturer, 2 transporter, 2 testing licenses, and 1 microbusiness. The review process includes a background check and a 60-day window during which the municipality in which the business hopes to locate must certify that the applicant has met all local requirements. Uproot has received a provisional microbusiness license, and is awaiting final licensure pending completion of the build-out and a facility inspection by the CCC.

### Taxes

Adult use cannabis is subject to:

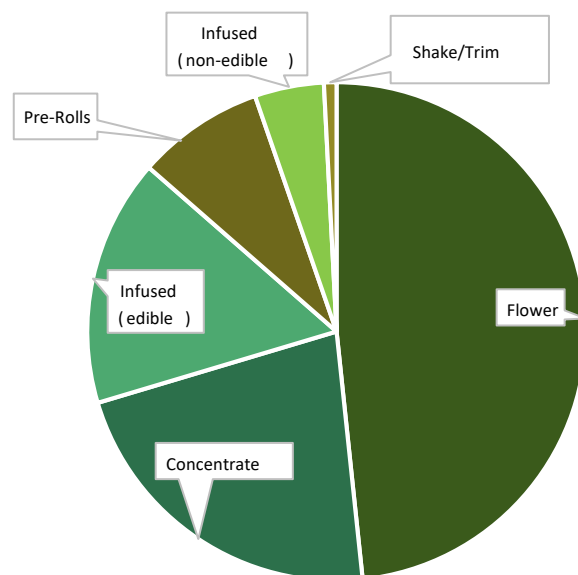
- **state sales tax: 6.25%**
- **state excise tax 10.75%**
- **impact fee for municipality: up to 3%\***

\*The city of Worcester is requiring Uproot to provide a 3% impact fee.

### Adult-Use Sales and Product Distribution

As of December 2019, total legal cannabis sales exceeded \$460 million, according to figures released by the Cannabis Control Commission<sup>8</sup>.

It is expected that over 700,000 customers are potentially interested in using recreational cannabis, and the adult-use cannabis market in Massachusetts is projected to become a \$1 billion industry by 2020.



<sup>8</sup> <https://opendata.mass-cannabis-control.com/stories/s/xwwk-y3zr>

## SWOT Analyses

### S

- Building of dependable relationships with indoor and outdoor cultivators
- Diversified, Strategic Partnerships
- Extensive industry knowledge

### W

- Product liability / legal issues
- Enhanced risk of banking / financial / IRS scrutiny
- High energy consumption
- High starting capital

### O

- High growth industry
- Growing interest and demand for natural, alternative medicine
- Trend toward greater cannabis legalization
- Global Market

### T

- Enforcement of federal law
- Possible cannabis law changing
- Indicators of a slowed global economy
- Large companies entering the market

**03**



# **Sales Strategy**

**Marketing Plan**

**Financial Forecast**

## Marketing Plan

Because cannabis is illegal under federal law, state governments and online advertising platforms are placing strict rules on how companies can market their products.

Google, Facebook and Twitter all have advertising policies that restrict the promotion of the sale of cannabis. Google’s policy prohibits ads that promote “substances that alter mental state for the purpose of recreation.” Facebook restricts any “illegal, prescription, or recreational drugs.” And Twitter bans “illegal drugs” as well as substances that cause “legal highs.” Instagram and Facebook have decided to go a step further by removing pages of cannabis related businesses.

The marketing and sales strategy of Uproot will be based on generating long-term personalized relationships with distributors and retailers, as well as capturing organic exposure through the press. Press will be especially emphasized when the company receives approval to begin direct-to-consumer deliveries.

Our marketing and advertising strategy includes:

- **Meeting with distributors and retailers**
- **E-mail Marketing**
- **Business events and conferences**
- **Business and industry associations**
- **Brand development**
- **Displays at retail locations**
- **Website development with search engine optimization**
- **Cannabis business directories and platforms**

*Table 3. Cannabis business directories*

WEEDMAPS <a href="https://weedmaps.com/">https://weedmaps.com/</a>	Over 7,750 listings throughout the U.S., Canada, and Europe.	WeedMaps has 8 million total visits each month.
LEAFLY <a href="https://www.leafly.com/">https://www.leafly.com/</a>	Leafy is a cannabis information resource for finding the right strains and products.	Leafy has 226 thousand total visits each month.

## Financial Forecast

Sales will be tracked via a state-mandated inventory management and tracking system.

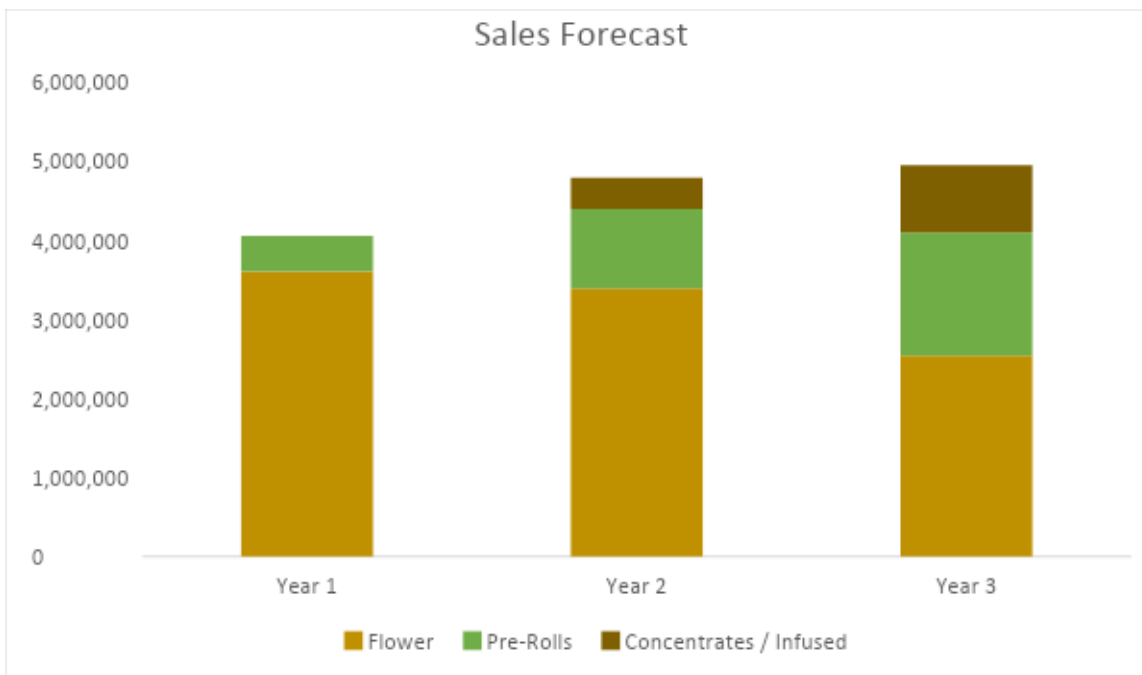


Figure 10. 3-years sales forecast, \$

Year one sales will be driven primarily by ramping up our cultivation operation at the Worcester facility. We will be focused on producing flower and pre-rolls during this time, while we outfit our facility to produce concentrates and infused / edible products. Year two will represent the first full year of harvests, and the introduction of infused / edible products to our Uproot branded product line.

Revenues from flower are projected to be artificially high during the first two years, as market prices are currently inflated due to the limited supply of flower being produced by licensed cultivators compared to retail demand. The wholesale price per pound of dried flower should decline as more cultivators receive licenses and prices normalize from their current rates of \$3900/lb (fig.11) down to approximately \$1500/lb, which would be on par with other mature markets. The forecast above assumes our wholesale price of flower to be \$2500/lb in year 1, \$2000/lb in year 2, and \$1500/lb in year 3 and beyond. Growth in subsequent years will be driven by multiple factors, including revenue generated by selling concentrates and infused products, increasing our cultivation capacity, and direct-to-consumer deliveries. If wholesale cannabis prices remain at their current levels for a significant amount of time, and take longer to drop toward the industry average, revenues will be significantly higher than projected.

The above forecasts do not include potential revenue generated via the direct-to-consumer delivery service. In Q3 2021, Uproot became the second company in Massachusetts to receive licensure for recreational cannabis home deliveries. Upon commencing delivery operations, the company will then be able to sell products at retail prices as opposed to only being allowed to wholesale, which has the potential to significantly increase revenues and net income. The company will aim to drive sales of its products via retail home deliveries, as this sales channel will provide higher margins, especially as wholesale cannabis prices stabilize. The CCC has stated that for the first two or three years that delivery

licenses are available, they will only be granted to companies that meet a certain criterion designed to prevent out-of-state interests from having a leg up on local entrepreneurs. Currently, there are less than 30 companies that will fit the CCC's criteria. Given the artificially limited number of companies able to compete in the delivery market during this time, Uproot is uniquely positioned to gain a significant market share. Estimated revenue and net income from delivery is projected later in this document.

Based on our current cultivation capacity and industry averages, estimates can be made for projected cultivation revenue in a mature market. This estimate assumes that we would only be cultivating and wholesaling flower, and does not account for selling pre-rolls, concentrates, edibles or delivery, which we anticipate to be a sizeable portion of our business.

Using industry averages, we can make some baseline projections regarding revenue expected to be generated from wholesale cannabis flower sales in a mature market.

Total flowering canopy Square Footage	5000 sq ft
Average yearly yield per canopy sq ft (gm/sq ft)	168 g
Projected yearly yield (grams)	840,000 g
Projected yearly yield (lbs)	1873.93 lbs
Projected wholesale price per pound	\$1500 / lb
<b>Est. Baseline yearly revenue (flower)</b>	<b>\$2,810,895</b>

This projection represents the low-end of what we can expect for revenue from wholesale cannabis flower sales in year 3 and beyond. This estimate assumes that we will be producing yields in line with the industry average of 168 grams per square foot of flowering canopy. Through optimizing our cultivation practices as described in more detail later in this document, we believe our yields should be in excess of 200 g / sq ft of flowering canopy.

This estimate also assumes a wholesale price of \$1,500/lb. The current wholesale price per pound of premium indoor-grown recreational cannabis in Massachusetts is approximately \$3,900/lb as of Q4 2021 (fig.11). Despite the current wholesale price, which is due to extremely limited supply, we expect this price to gradually decline over the next 2-3 years as more cultivators are licensed by the CCC, and stabilize at approximately \$1,500/lb. This would be consistent with what has been observed in other new recreational markets such as California and Colorado. Current federal regulations prevent interstate sales of cannabis, so each state has its own independent market. In our first few years of operation, it is likely that we will be selling at wholesale prices substantially higher than the \$1500 / lb estimate used in this projection.



Source: *Marijuana Business Daily*  
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Figure 11. Wholesale cannabis prices in Massachusetts. Source: *Marijuana Business Daily* <https://mjbizdaily.com/wholesale-cannabis-flower-prices-massachusetts-climb-on-mounting-demand/>

The following chart provides an estimate of the all-in costs associated with producing one pound of cannabis flower, based on known industry data.<sup>9</sup>

**All-in costs to produce 1 pound of dried cannabis flower:**

Cost	Average Facility	Efficient Facility (top 10%)
Energy	\$150.99	\$61.47
Labor	\$191.70	\$101.41
Materials	\$93.47	\$24.79
<b>Total</b>	<b>\$436.16</b>	<b>\$187.67</b>

<sup>9</sup> <https://www.newcannabisventures.com/wp-content/uploads/MJardin-ArcView-Market-Report-Cost-Analysis.pdf>

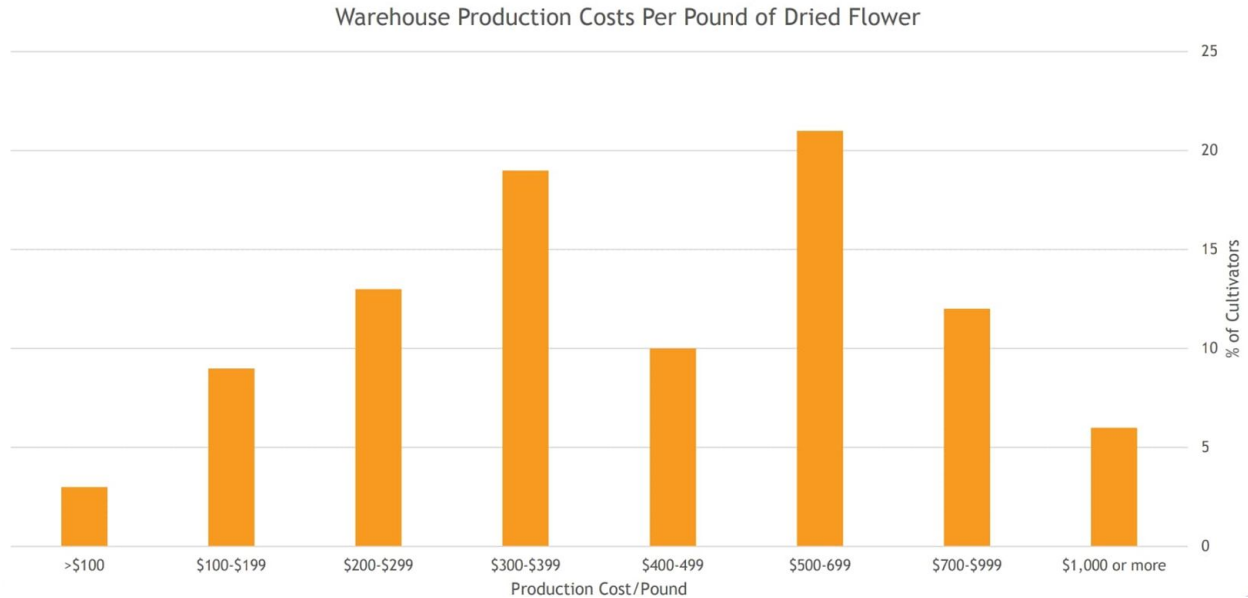


Figure 12: Industry Production Costs Per Pound. Source: Cannabis Business Times

At Uproot, we believe our cost to produce one pound of dried cannabis flower will be between \$200 and \$250. Several factors make our facility significantly more efficient than the industry average.

We will be utilizing 650 watt LED fixtures as opposed to the industry standard 1000 watt HPS (high pressure sodium) lights. These lights require a slightly higher initial investment but result in significantly lower electrical costs and cooling requirements per square foot of canopy. These fixtures have also been shown to produce yields that exceed that of HPS lighting.

Our facility also takes advantage of numerous automation technologies in order to reduce labor costs. We are utilizing an automated irrigation / fertigation system that will eliminate the need for mixing fertilizers and hand-watering. All of our climate systems will be controlled by a cloud-based monitoring / alert system which monitors and controls multiple environmental factors such as temperature, humidity, CO<sub>2</sub>, and lighting schedules.

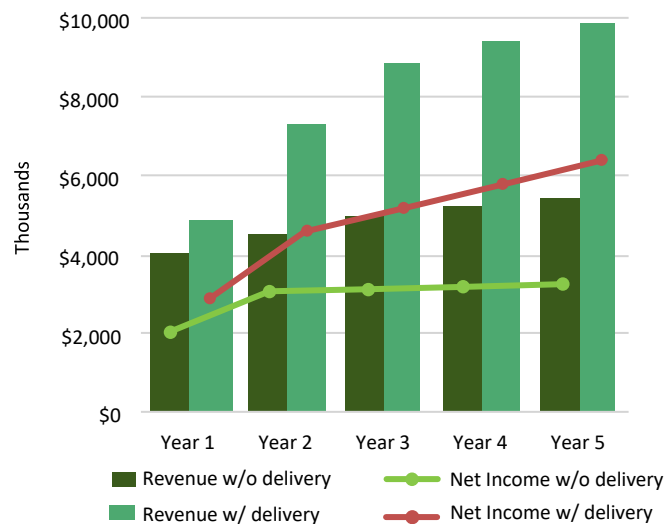
We will also be utilizing the “sea-of-green” (SOG) cultivation method, as opposed to the more commonly utilized “screen-of-green” (SCROG) method. The SCROG method involves carefully pruning, topping, and training a plant in order to make it bushier and produce many flowering colas. SCROG method is commonly utilized in states where plant counts are legally limited, thus requiring cultivators to try to maximize per-plant yields. In Massachusetts, there is no cap on the number of plants that a facility can produce – only a cap on square footage. The SOG method allows us to pack plants tightly together and focus the plant’s energy on a single main cola, without needing to significantly prune, top, or train the plants. This leads to a significant reduction in labor costs, as well as increased yields per square foot of canopy.

## Delivery

In November 2020, Uproot applied for a Delivery Endorsement from the CCC, and in Q3 2021 became the second recreational cannabis company in Massachusetts to be licensed to perform direct-to-consumer deliveries. This will have a significant impact on revenue and profit margins, as the company will have the ability to sell all (or a portion of) cultivated flower and manufactured products at retail prices as opposed to only having the ability to sell at wholesale prices to dispensaries.

The effect that the delivery service will have on the company's financials will be largely dependent upon the percentage of sales performed via delivery vs. wholesale. The company's goal will be to maximize the amount of product sold at retail prices, as long as delivery sales offer better margins than wholesale.

The graph below shows how gross revenues and profit might be affected by selling finished product via delivery as opposed to only selling via wholesale. The projection assumes that the company's cultivation capacity would remain the same, operating at a single location, and does not account for any future expansion that may occur.



Delivery operations are projected to increase revenues and net income by 50% - 85% in years 2 and beyond, as wholesale prices are expected to decline. While the price of wholesale flower is expected to stabilize around \$1,500/lb, retail prices are expected to stabilize at approximately \$4,500-\$5000/lb, which would be on par with other mature markets. Selling product via delivery will allow for a sustained increase in net income in the face of declining wholesale cannabis prices. If the company were to only sell via wholesale, net income would remain comparatively flat, sans expansion of operations.

The ability to sell product at retail prices via delivery will make further expansion of the company's product offering and canopy space more feasible, with these efforts yielding a quicker and more certain return. A vertically integrated operation will also allow the company to operate more profitably than other cultivators and product manufacturers without a retail component, giving the company staying power as the market matures.

04



# Operating Plan

Cultivation and Manufacturing

The Facility

Tracking Solution

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## Cultivation and Manufacturing Facilities

The company will operate from a leased warehouse located at 41 Fremont St, Worcester, MA.

A high-res version of the architectural floor plan is attached to this document.

At launch, the facility will include:

- Vegetative Growth Room
- 4 Flowering Rooms
- Drying & Curing Room
- Storage Vault
- Trimming Room
- Packaging / Processing Room
- Delivery Dock
- Security / IT room
- Employee Break Room
- Offices

Future additions to the facility will include:

- Cannabis Infused product production room / commercial kitchen
- Extraction room

## Cultivation

### Warehouse Design

- A. A warehouse environment provides maximum environmental control, and therefore the most reliable and consistent cannabis crops can be produced in a properly designed warehouse grow room.
- B. Without natural light, warehouse grow rooms depend on intelligent grow lights which need to replicate the parts of the sunlight spectrum that the cannabis plants need at each stage of growth.
- C. Air filtration and circulation systems are essential for controlling heat buildup and eliminating exhaust odors. The HVAC system is designed in conjunction with the grow lights because lighting systems emit large amounts of heat.
- D. There are various irrigation methods that are appropriate for growing cannabis in a warehouse. Uproot will be using 'drip-to-drain' irrigation, with coco-choir as a hydroponic medium.
- E. The irrigation system is designed with an in-line fertigation system by dosatron, which delivers fine-tuned amounts of nutrients to the plants depending on their stage in the life cycle.
- F. An integrated environmental control system will monitor temperature, lighting, air circulation, humidity and irrigation systems, providing real-time SMS alerts and monitoring capabilities.
- G. A computer-controlled CO<sub>2</sub> injection and monitoring system will be utilized. Uproot has purchased a comprehensive CO<sub>2</sub> monitoring and injection system by Titan Controls.
- H. Uproot will be utilizing a multi-tiered canopy with rows of mobile racking, which allows for efficient utilization of the available building footprint and legally available canopy. The flowering rooms will be 2-tiered, and the vegetative room 3 tiers. The facility has 24-foot ceiling heights, allowing the company to expand even further vertically to increase available canopy.

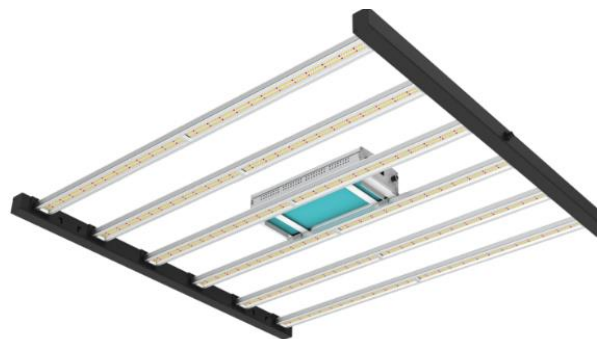


*Two-tiered flowering rooms with a similar design to Uproot's facility.*

## Lighting

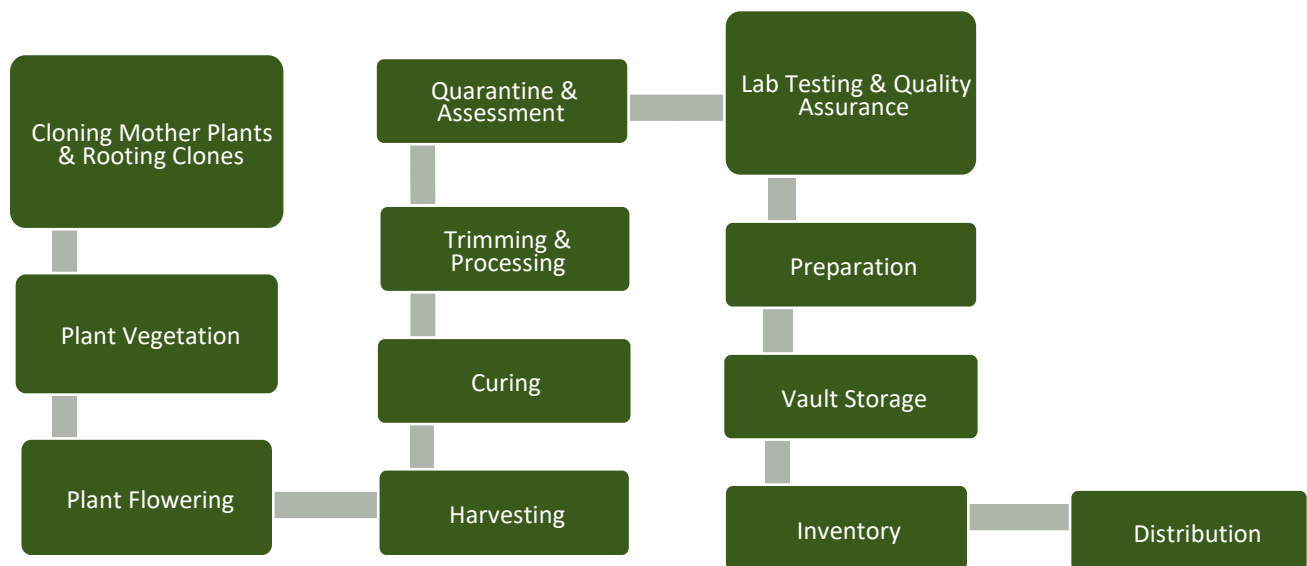
The Company will use 2-tier industrial pallet racking in the flower rooms, and 3-tier pallet racking in the vegetative growth room, with 650 watt LED fixtures for flowering plants, and 400 watt LED fixtures for vegetative growth. A multi-tiered vertical system allows us to maximize our square footage by taking advantage of the vertical space in the facility. With a crop as valuable as cannabis, this directly equates to much higher profits and increased operational efficiency, in contrast to the industry standard of single-tiered layouts with rolling benches and 1000 Watt HPS lighting fixtures.

Uproot has purchased LED fixtures directly from an OEM agricultural lighting manufacturer in China (Guangzhou NaLite Intelligent Lighting). The LED fixtures exceed the efficiency and output of the current industry-leading commercial LED fixtures (Gavita Pro 1700e and Fluence Spyder 2i) at approximately 1/3 the cost. Uproot received two sample units from NaLite, and measured the PAR output ( $\mu\text{mol}$ ) and efficiency ( $\mu\text{mol/s}$  per watt) of the units. The measurements matched the manufacturer's advertised specs, and outperformed units tested from Gavita and Fluence. An order was subsequently placed for 200 650-watt flowering fixtures and 104 400-watt fixtures for vegetative lighting.



## Phases of Production

- 1<sup>st</sup> stage: taking and rooting clones / clone propagation (2 weeks)
- 2<sup>nd</sup> stage: Vegetation 1 (2 weeks)
- 3<sup>rd</sup> stage: Flowering (8 weeks)
- 4<sup>th</sup> stage: processing/trimming (3 days)
- 5<sup>th</sup> stage: drying and curing (11 days)
- Total elapsed time: approximately 14 weeks



## Delivery

Direct-to-consumer deliveries are expected to commence immediately upon final approval by the CCC. The company may decide bootstrap the delivery service by purchasing wholesale from other suppliers if the company has yet to achieve its first harvest.

Upon launching the delivery service, the company plans to deliver the following items:

1. Cannabis flower pre-packaged in 1/8 oz containers.
2. Cannabis pre-rolls containing 0.5g, 0.75g, or 1g of cannabis flower per pre-roll.

As Uproot's product line expands, the company plans to expand its delivery offering accordingly, and pursuant to 935 CMR 500.145.

Uproot will utilize a third-party technology provider to allow the company to accept delivery orders, verify customer age, facilitate driver assignment and navigation, and ensuring the ongoing software-enforced restriction of deliveries to restricted areas, such that orders cannot be placed from or delivered to these CCC-restricted areas.

All sales shall be tracked using the Seed-to-sale SOR as designated by the commission. Currently, the commission requires that licensed cannabis companies use METRC software. Uproot may need to restrict the time for delivery to comply with all municipal bylaws and ordinances. Uproot plans to operate its delivery operations from 9:00 A.M. until 9:00 P.M. where permissible, 7 days per week.

## Orders

All orders for deliveries made by Uproot shall comply with the following requirements:

1. All Marijuana and Marijuana Products delivered by Uproot shall be produced by Uproot, LLC.
2. Only Marijuana Products that are Shelf-stable will be delivered. Products that are perishable or time and temperature controlled to prevent deterioration shall not be delivered.
3. Uproot will deliver only to the Residence address provided. Uproot will not deliver to college or university dormitories; and federal public housing identified at <https://resources.hud.gov/>. Uproot plans to strictly enforce this both as a policy as well as within the ordering software.
4. Uproot shall only deliver items for which a specific order has been received. Uproot shall not deliver Delivery Items without a specific order destined for an identified Residence. Uproot plans to receive orders via a Third-party Technology Platform identified to the Commission under 935 CMR 500.145(1)(e).
5. Uproot shall not deliver more Marijuana or Marijuana Products to an individual Consumer than the individual possession amounts authorized by M.G.L. c. 94G, § 7(a)(1). An Individual Order shall not exceed one ounce of Marijuana or its dry-weight equivalent. The Individual Order shall only be delivered to the individual Consumer identified on the order after verification of the individual's identity consistent with the requirements of 935 CMR 500.140(2)(d) and 935 CMR 500.145(3). Uproot shall only deliver one Individual Order, per Consumer, during each delivery.
6. Uproot shall not deliver to the same Consumer at the same Residence more than once each calendar day and only during authorized delivery hours.
7. For home delivery, each order shall be packaged and labeled in accordance with 935 CMR 500.105(5) and (6) originating the order prior to transportation to the customer.
8. Any Delivery Item that is undeliverable or is refused by the Consumer shall be transported back Uproot's facility once all other deliveries included on a delivery manifest have been made.

## Consumer Age Verification

Uproot shall require any customer making a purchase for delivery to have a valid government-issued identification card that the customer intends to use to verify their age at the time of delivery examined and authenticated prior to an individual order.

Uproot plans to pre-certify customers' identification by utilizing an API supplied by a third-party technology provider prior to customers placing an order through the third-party software-based ordering platform. If the commission deems this service inadequate, Uproot plans to utilize a different commission-approved electronic means of identity pre-certification.

Deliveries shall only be made to the Person who ordered the Delivery Items, and whose name appears on the provided and verified government-issued identification. Customer age shall be verified at the time at which the delivery is made to the Consumer at a Residence to ensure that Marijuana and Marijuana Products are not delivered to individuals younger than 21 years old. Prior to relinquishing custody of the Marijuana or Marijuana Products to the Consumer, the Marijuana Establishment Agent conducting the delivery shall verify that the government-issued identification card of the Consumer receiving the Marijuana or Marijuana Products matches the pre-verified government-issued identification card of the Consumer who placed the order for delivery by:

1. Viewing the government-issued identification as provided for Pre-verification under 935 CMR 500.145(3)(a);
2. Viewing proof of order generated at the time of order; and
3. Receiving the signature of the Consumer who ordered the Delivery Items and verifying that the signature matches the government-issued photo identification card presented.

### **Vehicles and Transport**

Vehicles used for delivery shall be owned or leased by Uproot, shall be properly registered as commercial vehicles, and inspected and insured in the Commonwealth of Massachusetts. The vehicles shall carry liability insurance in an amount not less than \$1,000,000 combined single limit. The company's current plans involve the lease of Chevrolet Spark vehicles, which will be properly outfitted in order to be compliant with CCC regulations.

Uproot plans to keep delivery vehicles parked at its principal address, including additional leased parking area if required. The company shall ensure that keeping the vehicle at the identified location complies with all general and special bylaws of the municipality.

All vehicles used for deliveries are staffed with a minimum of two Marijuana Establishment Agents. At least one Marijuana Establishment Agent shall remain with the vehicle at all times that the vehicle contains Marijuana or Marijuana Products. Delivery Items may not be visible from outside the vehicle, and all items shall be transported in a secure, locked storage compartment that is a part of the vehicle and complies with the requirements of 935 CMR 500.110(8). Uproot shall maintain, in each vehicle used for deliveries, a secure, locked storage compartment for the purpose of transporting and securing cash used as payment. This compartment shall be separate from compartments required under 935 CMR 500.145(4)(h) for the transport of Marijuana and Marijuana Products.

Uproot shall ensure that all delivery routes remain within the Commonwealth of Massachusetts at all times. The company shall instruct its third party technology provider to randomize the delivery routes provided to drivers whenever possible.

### **Manifests.**

Every home delivery shall have a manifest produced by Uproot. Uproot plans to utilize a mobile application designed by a third party technology provider in order to allow drivers to enter all required manifest information. The manifest shall be digitally signed by the Consumer receiving the Marijuana or Marijuana Products and the Marijuana Establishment Agent acting on behalf of Uproot. A signed

manifest shall serve as the written record of the completion of the delivery. Uproot shall maintain a record of the sale of all Delivery Goods.

The manifest shall include:

1. The name, address, and License number of Uproot;
2. The names and Marijuana Establishment Agent numbers of the Marijuana Establishment Agents performing the delivery;
3. The Consumer's name and address;
4. A description of the Marijuana or Marijuana Products being transported, including the weight and form or type of product;
5. Signature lines for the agents who transported the Marijuana or Marijuana Products;
6. A signature line for Consumer who receives the Marijuana or Marijuana Products; and
7. Uproot's delivery vehicle make, model, and license plate number.

The manifest shall be maintained within the vehicle during the entire transportation process, until all the deliveries are completed. Uproot shall retain all transportation manifests for no less than one year and make them available to the Commission on request.

## **The Facility**

### **Physical Building**

The physical address of our cultivation and manufacturing facility will be 41 Fremont St, Worcester MA. As of November 2020, The company had acquired a special use permit from the city of Worcester to operate a cannabis cultivation and manufacturing business at a neighboring location, and is in the process of having the permit amended and/or re-issued for the new location. The company was forced to relocate due to a structural issue with the prior facility, which would have resulted in significant delays and excessive construction costs. The new location is more desirable and will allow the company to commence operations more quickly. The company is also actively transferring its location of record with the CCC.

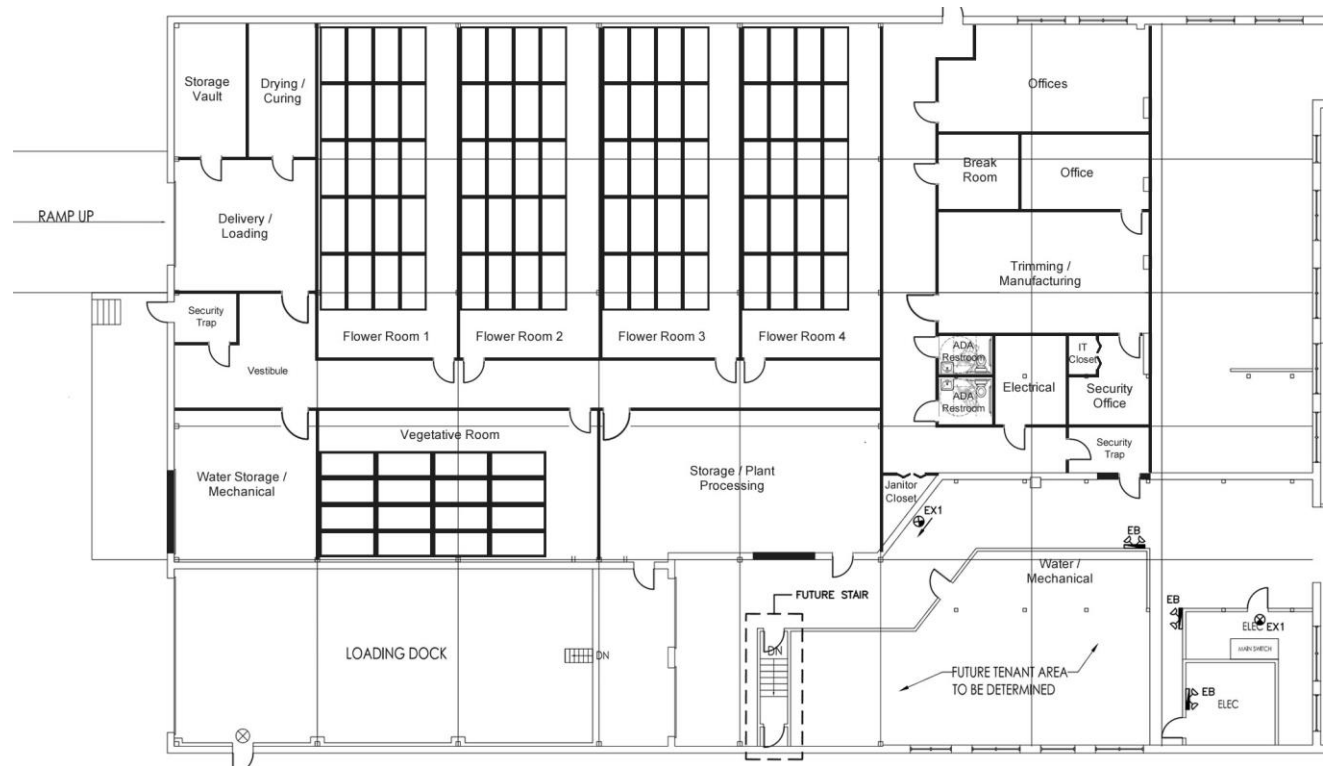
The ground floor of the facility spans approximately 10,500 square feet, with an additional 2800+/- square feet available in an adjacent space where we plan to build out our extraction / infusion operations.

The facility is located in a light industrial area that includes manufacturing and industrial businesses. Located on a large lot, the facility has numerous intrinsic security features and is easily converted to high-security use. The facility is housed in a building that does not adjoining high-use public areas, has secure means of ingress and egress, is in an area of low vehicular traffic, is not located near any schools, freeways, residential housing, or places of worship.

A site plan (attached) showing the entire structure, including the streets, parking lot, other tenants within the facility, and any other entities that physically border the establishment is shown in an attachment to this document.

## Floor Plan

A higher resolution architectural floor plan is attached to the appendix of this document.



## Security

In accordance with CCC regulations, we have contracted with a security company to design and install a comprehensive electronic security system with video surveillance/recording capability, third-party monitoring, intrusion detection, and access control.

During operating hours, we will have at least one on-site security guard operating from the security office.

Security personnel will perform and keep records of having performed routine regular inspections of all security systems, barriers, gates, doors, and locks, immediately reporting any malfunctioning or compromised security feature to the Security Agent. They will also be responsible for monitoring and screening all persons entering and exiting the facility. Any incidents qualifying as irregular or suspicious will be handled immediately.

## Internal Access-Point Control

Movement through the facility will be tightly controlled. All main access doors and doors to the cultivation and processing rooms will require key cards. Only permitted employees will be allowed to enter the facility.

## Video Surveillance

We have employed Platinum Security to design our security system in accordance with the standards set out by the CCC. We will employ state-of-the-art external and internal cameras, with 2k resolution. This is sufficient to allow facial identification of anyone in or nearing the facility. All cameras are equipped

with motion detection and will have infrared technology for low light conditions, capable of identifying activity at night or in unlit rooms.

## Tracking Solution

The company is required by state law to use the “metrc” seed-to sales tracking solution for every level of the business, which allows the company to remain compliant while also helping to identify key data points to streamline and optimize inventory management at each phase of the operation: cultivation, processing, destruction and waste, transportation, lab testing and dispensing. The solution includes the following modules:

**Yield Forecasting** – Monitoring and analyzing the harvest data to optimize for larger yields.

**Grower-Centric** – Customizing workflows to support the weighing of multiple plant by-products (wet or dry), plus multiple data collection points and ability to grade product quality upon curing.

**Analyze Efforts** – Monitoring Pesticides and Nutrients applied, log Strain Notes detailing light and watering cycles, plus review Past Harvest Data to optimize your future yields.

**Conversion Tracking** – Converting products into single or multiple by-products, while maintaining a complete chain of custody, logging cost per gram calculations and product notifications/recalls.

**Transport Manifests** – Creating, submitting, and storing compliant transportation manifests noting vehicle, driver, and cargo contained for regulatory review.

**Product Details** – Product details for the inventory items, printing key information directly on the labels including ingredients, potency results, plus a reactive expiration date that can lock a product if it’s past expiration.

**Inventory Management** – System will document all plants received, extracted concentrates distributed and sold, destroyed or in-process with independent testing laboratories. The amount, type, date and batch number will be documented in accordance with the state laws and regulations. As we store and distribute cannabis concentrates, each move in the supply chain will be detailed and documented. Access to this system will be limited to authorized agents and department/government officials.

05



# Organizational Structure

Personnel Plan  
Management

## Personnel Plan

From the outset, we are committed to recruiting only qualified people to man various positions in our company. We hope to leverage on their expertise to build our brand to be well respected in the cannabis market. The company expects to fill the following positions within the first year of operations:

- **Operations Manager**
- **Master Grower**
- **Assistant to master grower**
- **Trimming, hourly**
- **Plant maintenance and general labor**
- **Manager, Extraction Services**
- **Extraction Tech Specialists**
- **Manufacturing Specialists**
- **Admin and Logistics Personnel**
- **Sales & Marketing Personnel**

## Training Plans

1. Train employees at time of hire on business operations and compliance.
2. Train employees regularly after hire.
3. Training plan and training log will be available for inspection on the licensed premises.
4. Any person entering data into the Cannabis Tracking System (CTS) first be trained by the CTS administrator for the licensee.
5. All individuals will be required to have a valid Cannabis Worker Permit complete the required training and maintain their permit while working on behalf of the Licensee.

## Management

### **Dr. David J. Aiello – CEO**

Dr. Aiello is a chiropractor who has been practicing and living in Massachusetts for two years. He spent 4 years obtaining a pre-med degree at the University of Rhode Island and went on to spend another 4 years studying Chiropractic medicine at the National University of Health Sciences in Florida before returning to New England to begin practicing. He has founded several successful startups, including a technology company and consumer goods company.

### **Andrew Czarnecki, MS – COO**

Andrew has served as principal electrical engineer at Cambridge Consultants, and previously worked as an electronics design engineer at Draper Laboratory in Cambridge. He attended Northeastern University, where he earned a master's degree in electrical engineering. He has also served as a mentor to technology startup companies at Masschallenge in Boston. Andrew will oversee the site's operations and serve as chief operating officer.

### **Michael Aiello, MBA – CFO**

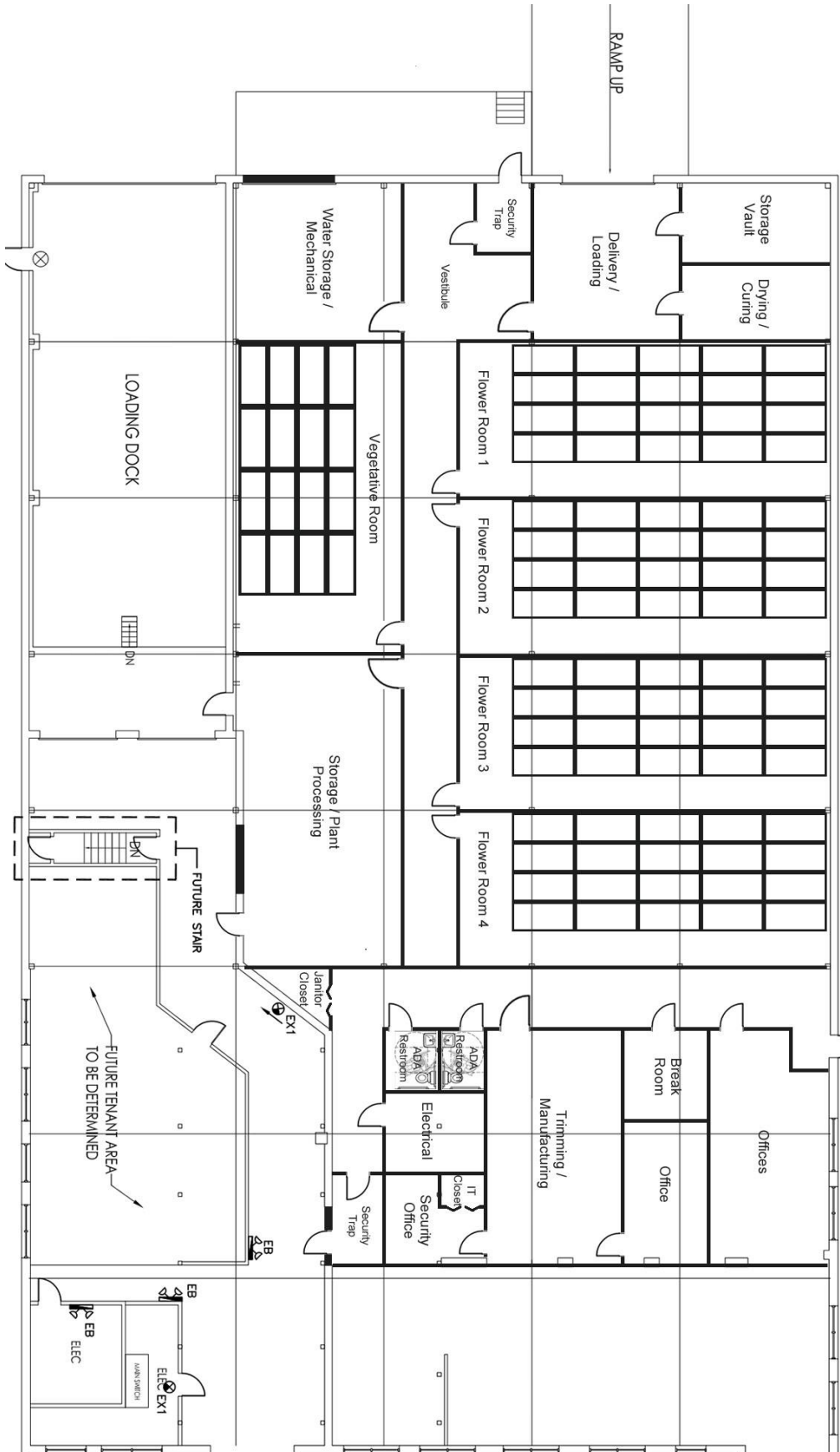
Michael Aiello earned his Master of Business Administration degree at Johnson and Whales University, and has served in management roles at Nortek, Inc and Providence College. He assumes the role of Chief Financial Officer at Uproot and is responsible for the company's finances.

06



# Appendix

Exhibit A: Floorplan



## **Employee Qualifications and Training**

Magic Dragon LLC (the “**Company**”) shall ensure that all marijuana establishment agents complete training prior to performing job functions. Training shall be tailored to the roles and responsibilities of the job function of each marijuana establishment agent, and at a minimum shall include a Responsible Vendor Program under 935 CMR 500.105(2)(b). It shall be a policy of the Company that all marijuana agents and staff shall receive and participate in, a minimum of, eight (8) hours of on-going training annually.

Company Training Policies shall be as follows:

1. All current owners, managers and employees of the Company that are involved in the handling and sale of marijuana for adult use at the time of licensure or renewal of licensure, as applicable, shall attend and successfully complete a responsible vendor program.
2. Once the Company is designated as a “responsible vendor” all new employees involved in the handling and sale of marijuana for adult use shall successfully complete a responsible vendor program within 90 days of hire.
3. It shall be a policy of the Company that after initial successful completion of a responsible vendor program, each owner, manager, and employee involved in the handling and sale of marijuana for adult use shall successfully complete the program once every year thereafter to maintain designation as a “responsible vendor.”
4. Administrative employees who do not handle or sell marijuana may take the “responsible vendor” program on a voluntary basis.
5. The Company shall maintain records of responsible vendor training program compliance for four (4) years and make them available to inspection by the Commission and any other applicable licensing authority upon request during normal business hours.

The Company shall ensure that such responsible vendor training programs core curriculum include the following:

- (a) Discussion concerning marijuana’s effect on the human body. Training shall include:
  - a. Marijuana’s physical effects based on type of marijuana product;
  - b. The amount of time to feel impairment;
  - c. Visible signs of impairment; and
  - d. Recognizing the signs of impairment.
- (b) Diversion prevention and prevention of sales to minors, including best practices;
- (c) Compliance with all tracking requirements; and

- (d) Acceptable forms of identification. Training shall include:
  - a. How to check identification;
  - b. Spotting false identification;
  - c. Medical registration cards issued by the DPH;
  - d. Provisions for confiscating fraudulent identifications; and
  - e. Common mistakes made in verification.
  
- (e) Other key state laws and rules affecting owners, managers, and employees, which shall include:
  - a. Local and state licensing and enforcement;
  - b. Incident and notification requirements;
  - c. Administrative and criminal liability;
  - d. License sanctions and court sanctions;
  - e. Waste disposal;
  - f. Health and safety standards;
  - g. Patrons prohibited from bringing marijuana onto licensed premises;
  - h. Permitted hours of sale;
  - i. Conduct of the Marijuana Establishment;
  - j. Permitting inspections by state and local licensing and enforcement authorities;
  - k. Licensee responsibilities for activities occurring within licensed premises;
  - l. Maintenance of records;
  - m. Privacy issues; and
  - n. Prohibited purchases and practices.
  
- (f) Any other areas of training determined by the Commission to be included in a responsible vendor training program.

The Company shall also ensure that all of its board members, directors, employees, executives, managers, and volunteers shall:

- (a) be 21 years of age or older;
- (b) not have been convicted of an offense in the Commonwealth involving the distribution of controlled substances to minors, or a like violation of the laws of another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority; and
- (c) be determined suitable for registration consistent with the provisions of 935 CMR 500.800 and 500.802.

At launch, the Company plans to hire personnel to fill the following positions:

(a) Director of Security

The Director of Security will require sufficient qualifications to plan, direct and coordinate activities relating to the protection, safeguarding and security of company assets, employees, invitees and others. The Director of Security will also:

- Ensure that established goals and objectives are accomplished with prescribed priorities, time limitations and with fiscal responsibilities
- Monitor and maintain all surveillance equipment so that it is in good working condition
- Advise, make recommendations, and assist in the formulation of security oriented goals and objectives
- Design, implement and monitor security policies, procedures and programs
- Comply with federal, state and local regulations
- Exercise independent judgment in the course of carrying out overall responsibilities and other activities as assigned
- Oversee the hiring and scheduling of contracted security guards

(b) Security Guard(s)

The Company plans to contract with a third-party security company to employ trained guards at the facility. Security Guards will report to the Director of Security, and follow all of The Company's security procedures and protocols as summarized in the security plan.

(c) Director of Cultivation

The Director of Cultivation will require sufficient qualifications to drive the long-range strategic planning process for operations by overseeing and managing all production operations, including manufacturing, and inventory control. The Director of Cultivation will be responsible for the products life cycle management, maintaining quality, safety, and regulatory compliance relating to the production facilities. Additionally, the Director of

Cultivation will be involved in the development of operations-related plans, capacity, budgets, infrastructure, policies and procedures.

(d) Cultivation / Manufacturing Associate(s)

The Cultivation Associate will require sufficient qualifications to execute protocols and operating procedures for all phases of cultivation and processing, including: propagation, fertigation, and harvesting. All Cultivation Associates will be trained in the inventory, tracking, and monitoring systems to ensure that the company works to mitigate the risk for diversion or loss. These positions will report to the Director of Cultivation, and will:

- Perform tasks for transplanting, feeding, cloning, pruning, cropping, and inventory management
- Monitor and report on marijuana plants throughout their lifecycles
- Perform clean-up of cultivation and processing areas after a harvest is complete
- Work within the inventory control software to track all actions performed during job duties

The Manufacturing Associate will require sufficient qualifications to execute protocols and operating procedures for all phases of processing, including: trimming, curing, processing, and packaging finished goods. All Manufacturing Associates will be trained in the inventory, tracking, and monitoring systems to ensure that the company works to mitigate the risk for diversion or loss. These positions will report to the Director of Product Manufacturing, and will:

- Perform tasks for trimming, drying, curing, processing, and packaging finished goods
- Ensure that all labeling and recording of inventory data into the tracking system is completed
- Train and become proficient in various extraction methods

(e) Director of Product Manufacturing

The Director of Product Manufacturing will require sufficient qualifications to ensure that the processing areas are maintained in order to meet the demands of production. The manufacturing team is responsible for all daily operations relevant to processing and manufacturing the finished cigars, including but not limited to;

- Supervision of team members
- Inventory control
- Compliance with laws and regulations
- Production forecasting
- Health, safety and sanitation requirements

This policy may also be referred to by the Company as the “**Employee Qualification and Training Policy**”.

## Quality Control and Testing for Contaminants

### Testing of Marijuana

Magic Dragon LLC (the “**Company**”) shall not sell or otherwise market for adult use any marijuana product, including marijuana, that is not capable of being tested by Independent Testing Laboratories, except as allowed under 935 CMR 500.000.

In accordance with 935 CMR 500.130(4) and 935 CMR 500.120(6) the Company shall provide documentation of compliance or lack thereof, as the case may be, with the testing requirements of 935 CMR 500.160 for all marijuana and marijuana products sold, or otherwise transferred, to other Marijuana Establishments.

The Company is not proposing to cultivate or produce its own products at this time. The Company intends to obtain all of its products from other duly licensed Marijuana Establishments.

The Company shall ensure that all marijuana products sold at its Marijuana Establishment have been tested by an Independent Testing Laboratory that tests the marijuana products in compliance with 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**”) and to test its environmental media (e.g., soils, solid growing media, and water) in compliance with the *Protocol for Sampling and Analysis of Environmental Media for Massachusetts Registered Medical Marijuana Dispensaries* published by the DPH.

The Company shall ensure that all marijuana products have been tested for contaminants as specified and required by the Commission, including but not limited to mold, mildew, heavy metals, plant-growth regulators, and the presence of pesticides not approved for use on marijuana by the Massachusetts Department of Agricultural Resources.

The Company shall notify the Commission within seventy-two (72) hours of receipt in writing, of any laboratory testing results indicating that the marijuana or marijuana products contaminant levels are above acceptable limits established in the DPH protocols identified in 935 CMR 500.160(1) that contamination cannot be remediated, and must be disposed of. The notification from the Company shall describe a proposed plan of action for both the destruction of the contaminated product and the assessment of the source of contamination. The Company shall ensure that notification comes from both the Marijuana Establishment and the Independent Testing Laboratory, separately and directly.

The Company shall maintain the results of all testing completed by it for no less than one year.

All transportation of marijuana to and from Independent Testing Laboratories providing marijuana testing services shall comply with the Company’s Transportation Policy and 935 CMR 500.105(13).

All excess marijuana shall be disposed of in compliance with the Company's Disposal Policy and 935 CMR 500.105(12), either by the Independent Testing Laboratory returning excess marijuana to the source Marijuana Establishment for disposal or by the Independent Testing Laboratory disposing of it directly.

### Handling of Marijuana

The Company shall handle and process marijuana and marijuana products in a safe and sanitary manner. The Company shall implement the following policies:

(a) To the extent applicable the Company shall process the leaves and flowers of the female marijuana plant only, which shall be:

1. Well cured and generally free of seeds and stems;
2. Free of dirt, sand, debris, and other foreign matter;
3. Free of contamination by mold, rot, other fungus, and bacterial diseases;
4. Prepared and handled on food-grade stainless steel tables; and
5. Packaged in a secure area.

(b) The Company shall comply with the following sanitary requirements:

1. Any marijuana establishment agent whose job includes contact with marijuana or nonedible marijuana products, including cultivation, production, or packaging shall comply with the requirements for food handlers specified in 105 CMR 300.000: *Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements*;
2. Any marijuana establishment agent working in direct contact with preparation of marijuana or nonedible marijuana products shall conform to sanitary practices while on duty, including:
  - i. Maintaining adequate personal cleanliness; and
  - ii. Washing hands thoroughly in an adequate hand-washing area before starting work, and at any other time when hands may have become soiled or contaminated.
3. The Company shall supply adequate and convenient hand-washing facilities furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the Marijuana Establishment in production areas and where good sanitary practices require employees to wash and sanitize their hands, and shall provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;
4. The Company shall supply sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations;
5. Litter and waste shall be properly removed, disposed of so as to minimize the development of odor and minimize the potential for the waste attracting and

- harboring pests. The operating systems for waste disposal shall be maintained in an adequate manner pursuant to 935 CMR 500.105(12);
6. Floors, walls, and ceilings shall be constructed in such a manner that they may be adequately kept clean and in good repair;
  7. The Company shall ensure that there will be adequate safety lighting in all processing and storage areas, as well as areas where equipment or utensils are cleaned;
  8. Buildings, fixtures, and other physical facilities shall be maintained in a sanitary condition;
  9. All contact surfaces, including utensils and equipment, shall be maintained in a clean and sanitary condition. Such surfaces shall be cleaned and sanitized as frequently as necessary to protect against contamination, using a sanitizing agent registered by the US Environmental Protection Agency (EPA), in accordance with labeled instructions. Equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable;
  10. All toxic items shall be identified, held, and stored in a manner that protects against contamination of marijuana products;
  11. The Company's water supply shall be sufficient for necessary operations. Any private water source shall be capable of providing a safe, potable, and adequate supply of water to meet the Marijuana Establishment's needs;
  12. Plumbing shall be of adequate size and design, and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the Marijuana Establishment. Plumbing shall properly convey sewage and liquid disposable waste from the Marijuana Establishment. There shall be no cross-connections between the potable and waste water lines;
  13. The Company shall provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and in good repair;
  14. Products that can support the rapid growth of undesirable microorganisms shall be held in a manner that prevents the growth of these microorganisms; and
  15. Storage and transportation of finished products shall be under conditions that will protect them against physical, chemical, and microbial contamination as well as against deterioration of finished products or their containers.
  16. All vehicles and transportation equipment used in the transportation of marijuana products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to

prevent the marijuana products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

- (c) The Company shall comply with sanitary requirements. All edible products shall be prepared, handled, and stored in compliance with the sanitation requirements in 105 CMR 590.000: *Minimum Sanitation Standards for Food Establishments*.

This policy may also be referred to by the Company as the “**Quality Control and Testing Policy**”.

## **Record Keeping Procedures**

Magic Dragon LLC (the “**Company**”) shall keep and maintain records of the Marijuana Establishment in accordance with generally accepted accounting principles. Such records shall be available for inspection by the Commission, upon request and shall include, but not be limited to, all records required in any section of 935 CMR 500.000, in addition to the following:

- (a) Written operating procedures as required by 935 CMR 500.105(1);
- (b) Inventory records as required by 935 CMR 500.105(8);
- (c) Seed-to-sale tracking records for all marijuana products as required by 935 CMR 500.105(8)(e);
- (d) Personnel records as described in the Company’s *Personnel and Background Check Policy*;
- (e) Business records as described in the Company’s *Financial Record Maintenance and Retention Policy*, which shall include manual or computerized records of assets and liabilities; and monetary transactions; books of accounts, which shall include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers; sales records including the quantity, form, and cost of marijuana products; and salary and wages paid to each employee, stipend paid to each board member, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with a Marijuana Establishment, including members of the nonprofit corporation, if any; and
- (f) Waste disposal records as required under 935 CMR 500.105(12), including but not limited to, a written or electronic record of the date, the type and quantity of marijuana, marijuana products or waste disposed or handled, the manner of disposal or other handling, the location of disposal or other handling, and the names of the two (2) Marijuana Establishment Agents present during the disposal or other handling, with their signatures. The Company shall keep these records for at least three (3) years. This period shall automatically be extended for the duration of any enforcement action and may be extended by an order of the Commission.

Following closure of a Marijuana Establishment, the Company shall keep all records for at least two (2) years at the Company’s expense and in a form and location acceptable to the Commission.

It shall be a Policy of the company that any and all records subject to any enforcement action shall be retained for the duration of such action, or as otherwise extended by order of the Commission.

This policy may also be referred to by the Company as the “**Record Retention Policy**”.

### **Maintaining of Financial Records:**

Magic Dragon LLC (the “**Company**”) shall keep and maintain records of the Marijuana Establishment in accordance with generally accepted accounting principles. Such records shall be available for inspection by the Commission, upon request and shall include, but not be limited to, all financial records required in any section of 935 CMR 500.000, and business records, in accordance with 935 CMR 500.105(e), which shall include manual or computerized records of:

1. Assets and liabilities;
2. Monetary transactions;
3. Books of accounts, which shall include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
4. Sales records including the quantity, form, and cost of marijuana products; and
5. Salary and wages paid to each employee, stipend paid to each board member, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with a Marijuana Establishment, including members of the nonprofit corporation, if any.

Furthermore, consistent with the Company’s *Dispensing Policy*, the Company shall implement the following policies for Recording Sales

- (a) The Company shall utilize a point-of-sale (“**POS**”) system approved by the Commission, in consultation with the Massachusetts Department of Revenue (“**DOR**”).
- (b) The Company may also utilize a sales recording module approved by the DOR.
- (c) The Company shall not utilize any software or other methods to manipulate or alter sales data at any time or under any circumstances.
- (d) The Company shall conduct a monthly analysis of its equipment and sales data to determine that no software has been installed that could be utilized to manipulate or alter sales data and that no other methodology has been employed to manipulate or alter sales data. The Company shall maintain records that it has performed the monthly analysis and produce it upon request to the Commission. If the Company determines that software has been installed for the purpose of manipulation or alteration of sales data or other methods have been utilized to manipulate or alter sales data:
  - i. it shall immediately disclose the information to the Commission;
  - ii. it shall cooperate with the Commission in any investigation regarding manipulation or alteration of sales data; and

- iii. take such other action directed by the Commission to comply with 935 CMR 500.105.
- (e) The Company shall comply with 830 CMR 62C.25.1: Record Retention and DOR Directive 16-1 regarding recordkeeping requirements.
- (f) The Company shall adopt separate accounting practices at the POS for marijuana and marijuana product sales, and non-marijuana sales.
- (g) The Company shall allow the Commission and the DOR audit and examine the POS system used by a retailer in order to ensure compliance with Massachusetts tax laws and 935 CMR 500.000;

Following closure of a Marijuana Establishment, the Company shall keep all records for at least two years at the Company's expense and in a form and location acceptable to the Commission.

This policy may also be referred to by the Company as the “**Financial Record Maintenance and Retention Policy**”.

## **Restricting Access to Age 21 and Older**

Magic Dragon LLC (the “**Company**”) shall require that all Marijuana Establishment Agents, Visitors and Consumers of marijuana for adult use (each as defined in 935 CMR 500.002) are 21 years of age or older. The Company will positively identify individuals seeking access to the premises of the Marijuana Establishment (and such individuals must present a form of government-issued identification prior to entering the Marijuana Establishment), or to whom marijuana or marijuana products are being transported pursuant to 935 CMR 500.105(14) (if applicable) to limit access solely to individuals 21 years of age or older.

Pursuant to 935 CMR 500.140, the Company shall immediately inspect an individual’s proof of identification and determine that the individual is 21 years of age or older upon entry to the Marijuana Establishment.

Currently, the Company is only applying for a Marijuana Microbusiness license at this location, and the Company will not be marketing directly to consumers or medical marijuana patients. The Company will take all applicable measures to ensure that its products reach the intended recipient, which will only be properly licensed Marijuana Establishments.

If the Company ultimately applies for and is granted a Delivery Endorsement authorizing it to deliver its products directly to consumers, it shall modify and revise this policy accordingly.

This policy may also be referred to by the Company as the “**Policy to Restrict Access to Persons Age 21 and Older**”.

## Personnel Policies Including Background Checks

Magic Dragon LLC (the “**Company**”) shall implement the following Personnel Policies and Background Check policies:

- (1) It shall be a policy of the Company that the workplace shall be alcohol, smoke and drug-free.
- (2) The Company shall require that all personnel strictly adhere to, and comply with, all aspects of the Security Policy, which policy shall be incorporated herein by reference, specifically employee security policies, including personal safety and crime prevention techniques;
- (3) The Company shall develop a staffing plan and staffing records in compliance with 935 CMR 500.105(9);
- (4) The Company shall develop emergency procedures, including a disaster plan with procedures to be followed in case of fire or other emergencies;
- (5) The Company shall immediately dismiss any Marijuana Establishment agent who has:
  - a. Diverted marijuana, which shall be reported to law enforcement officials and to the Commission;
  - b. Engaged in unsafe practices with regard to operation of the Marijuana Establishment, which shall be reported to the Commission; or
  - c. Been convicted or entered a guilty plea, plea of nolo contendere, or admission to sufficient facts of a felony drug offense involving distribution to a minor in the Commonwealth, or a like violation of the laws of another state, the United States or a foreign jurisdiction, or a military, territorial, or Native American tribal authority.
- (6) The Company shall make a list of all board members and executives of the Marijuana Establishment, and members of the licensee (if any), available upon request by any individual. The Company shall also make this list available on its website.
- (7) The Company shall develop policies and procedures for the handling of cash on Marijuana Establishment premises including but not limited to storage, collection frequency, and transport to financial institution(s).
- (8) The Company shall apply for registration for all of its board members, directors, employees, executives, managers, and volunteers. All such individuals shall:
  - (a) be 21 years of age or older;
  - (b) not have been convicted of an offense in the Commonwealth involving the distribution of controlled substances to minors, or a like violation of the laws of another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority; and
  - (c) be determined suitable for registration consistent with the provisions of 935 CMR 500.800 and 500.802.
- (9) An application for registration of a marijuana establishment agent shall include:

- (a) the full name, date of birth, and address of the individual;
- (b) all aliases used previously or currently in use by the individual, including maiden name, if any;
- (c) a copy of the applicant's driver's license, government-issued identification card, liquor purchase identification card issued pursuant to M.G.L. c. 138, § 34B, or other verifiable identity document acceptable to the Commission;
- (d) an attestation that the individual will not engage in the diversion of marijuana products;
- (e) written acknowledgment by the applicant of any limitations on his or her authorization to cultivate, harvest, prepare, package, possess, transport, and dispense marijuana in the Commonwealth;
- (f) background information, including, as applicable:
  - 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;
  - 3. 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;
  - 4. 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;
- (g) a nonrefundable application fee paid by the Marijuana Establishment with which the marijuana establishment agent will be associated; and
- (h) any other information required by the Commission.

Magic Dragon will make employment suitability determinations in accordance with the procedures set forth in 935 CMR 500.800. In addition to the requirements established in 935

CMR 500.800, Magic Dragon will: 1) comply with all guidance provided by the Commission and 935 CMR 500.802: Tables B through D to determine if the results of the background are grounds for Mandatory Disqualification or Presumptive Negative Suitability Determination; 2) consider whether offense(s) or information that would result in a Presumptive Negative Suitability Determination under 935 CMR 500.802. In the event a Presumptive Negative Suitability Determination is made, Magic Dragon will consider the following factors:

1. Time since the offense or incident;
2. Age of the subject at the time of the offense or incident;
3. Nature and specific circumstances of the offense or incident;
4. Sentence imposed and length, if any, of incarceration, if criminal;
5. Penalty or discipline imposed, including damages awarded, if civil or administrative;
6. Relationship of offense or incident to nature of work to be performed;
7. Number of offenses or incidents;
8. Whether offenses or incidents were committed in association with dependence on drugs or alcohol from which the subject has since recovered;
9. If criminal, any relevant evidence of rehabilitation or lack thereof, such as information about compliance with conditions of parole or probation, including orders of no contact with victims and witnesses, and the subject's conduct and experience since the time of the offense including, but not limited to, professional or educational certifications obtained; and
10. Any other relevant information, including information submitted by the subject; and
11. Consider appeals of determinations of unsuitability based on claims of erroneous information received as part of the background check during the application process in accordance with 803 CMR 2.17: Requirement to Maintain a Secondary Dissemination Log and 2.18: Adverse Employment Decision Based on CORI or Other Types of Criminal History Information Received from a Source Other than the DCJIS.

Upon adverse determination for a particular applicant, Magic Dragon will provide the applicant a copy of their background screening report and a pre-adverse determination letter providing the applicant with a copy of their right to dispute the contents of the report, who to contact to do so and the opportunity to provide a supplemental statement. After 10 business days, if the applicant does not dispute the contents of the report and no applicant-provided statement gives cause to alter the suitability determination, an adverse action letter will be issued providing the applicant information on the final determination made by Magic Dragon along with any legal notices required. All suitability determinations will be documented in compliance with all requirements set forth in 935 CMR 500 et seq. and other guidance provided by the Commission.

Magic Dragon will cause its background screening to be conducted by an investigative firm holding the National Association of Professional Background Screeners (NAPBS®) Background Screening Credentialing Council (BSCC) accreditation and capable of performing the searches required by the regulations and guidance provided by the Commission. Any references provided

by the marijuana agent will be verified at the time of hire. As deemed necessary, individuals in to be hired for key Magic Dragon positions with unique and sensitive access (e.g., members of the executive management team) will undergo additional screening, which may include interviews with prior employers and/or colleagues. As a condition of continued employment, agents, volunteers, contractors, and subcontractors are required to renew their Registration Cards (as that term is defined in 935 CMR 500.002) annually and submit to other background screening as may be required by Magic Dragon or the Commission.

- (10) An executive of the Company registered with the Department of Criminal Justice Information Systems pursuant to 803 CMR 2.04: iCORI Registration, shall submit to the Commission a Criminal Offender Record Information (CORI) report and any other background check information required by the Commission for each individual for whom the Marijuana Establishment seeks a marijuana establishment agent registration, obtained within 30 days prior to submission.
- (11) The Company shall notify the Commission no more than one (1) business day after a marijuana establishment agent ceases to be associated with the Company. The subject agent's registration shall be immediately void when the agent is no longer associated with the Company.
- (12) The Company shall require that all agents renew their registration cards annually from the date of issue, subject to a determination by the Commission that the agent continues to be suitable for registration.
- (13) After obtaining a registration card for a marijuana establishment agent, the Company shall notifying the Commission, in a form and manner determined by the Commission, as soon as possible, but in any event, within five (5) business days of any changes to the information that the establishment was previously required to submit to the Commission or after discovery that a registration card has been lost or stolen.
- (14) The Company's agents shall carry their registration card at all times while in possession of marijuana products, including at all times while at the Marijuana Establishment or while transporting marijuana products.
- (15) Should any of the Company's agents be affiliated with multiple Marijuana Establishments the Company shall ensure that such agents are registered as a marijuana establishment agent by each Marijuana Establishment and shall be issued a registration card for each establishment.
- (16) The Company shall maintain, and keep up to date, an employee handbook that employees will be given copies of at the start of their employment and will be required to attest that they have read and received the same, covering a wide range of topics, including but not limited to: (1) Employee benefits; (2) Vacation and sick time; (3) Work schedules; (4) Confidentiality standards; (5) Criminal background check standards (6) Security and limited access areas; (7) Employee identification and facility access; (8) Personal safety and crime prevention techniques; (9) Alcohol, drug, and smoke-free workplace; and (10) Grounds for discipline and termination;

### **Personnel Record Keeping**

The Company shall maintain the following Personnel Records:

1. Job descriptions for each employee and volunteer position, as well as organizational charts consistent with the job descriptions;
2. A personnel record for each marijuana establishment agent. Such records shall be maintained for at least 12 months after termination of the individual's affiliation with the Marijuana Establishment and shall include, at a minimum, the following:
  - 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 (8) hour related duty training.
3. A staffing plan that will demonstrate accessible business hours and safe cultivation conditions (as applicable);
4. Personnel policies and procedures; and
5. All background check reports obtained in accordance with 935 CMR 500.030.

The Company's aforementioned Personnel Records shall be available for inspection by the Commission, upon request. All records shall be maintained in accordance with generally accepted accounting principles.

Following closure of the Company's Marijuana Establishment, all records shall be kept for at least two years at the Company's expense, in a form and location acceptable to the Commission.

**Staffing Plan:**

Executive Level:

- CEO;
- CFO; and
- COO.

Management Level:

- Sales Manager;
- Cultivation Manager;
- Production Manager; and
- Security Manager.

#### Staff Level

- Up to fifteen (5) Staff Level Sales Representatives;
- Up to ten (10) Staff Level Cultivation and Production Associates

#### Consultant Level

- Attorney / Compliance Officer;
- Human Resources Provider; and
- Up to five (5) Security Officers.

### **Hiring and Recruitment**

Magic Dragon's Human Resource Manager will engage the executive management team and supervisory staff on a regular basis to determine if vacancies are anticipated and whether specific positions need to be created in response to company needs. Magic Dragon's hiring practices and policies will include but are not limited to the following and apply to all types of working situations including hiring, firing, promotions, harassment, training, wages and benefits:

1. Equal Employment Opportunity Commission (EEOC) Compliance;
2. Magic Dragon's Diversity Plan;
3. Magic Dragon's Plan to Positively Impact Areas of Disproportionate Impact;
4. Background Checks and References;
5. Mandatory reporting of criminal convictions (and termination if necessary);
6. State and Federal Family Leave Act;
7. Workplace Safety Laws;
8. State and Federal Minimum Wage Requirements; and
9. Non-Disclosure and Non-Complete Agreements

### **Standards of Employee Conduct**

Magic Dragon's mission is to provide a professional workplace free from harassment and discrimination for employees. Magic Dragon has a zero-tolerance policy on harassment or discrimination based on sex, race, color, national origin, age, religion, disability, sexual orientation, gender identity, gender expression, or any other trait or characteristic protected by any applicable federal, state, or local law or ordinance. Harassment or discrimination on the basis of any protected trait or characteristic contravenes Magic Dragon's Code of Conduct. A broad range of behavior could constitute harassment and/or discrimination. In general, harassment includes any verbal or physical conduct that: 1) has the purpose or effect of creating an intimidating, hostile, or offensive working environment; 2) as the purpose or effect of unreasonably interfering with an individual's work performance; or 3) adversely and unjustifiably affects an individual's employment opportunities.

Employees are expected to maintain the highest degree of professional behavior. All harassment or discrimination by employees is strictly prohibited. Furthermore, harassing or discriminatory behavior of non-employees directed at Magic Dragon employees or customers also is condemned and will be promptly addressed.

### **Violence and Weapons in the Workplace**

Any and all acts of violence in the workplace will result in immediate dismissal of the employee, customer, or parties involved. The Worcester Police Department and other law enforcement authorities, as applicable, will be contacted immediately in the case of a violent event. Weapons are not permitted at Magic Dragon's Worcester facility by employees, customers, or any other

parties. Agents (including employees) found carrying weapons at Magic Dragon’s facility will be immediately terminated. Vendors or other visitors to the facility found carrying weapons on the premises will be asked to leave and/or the police will be notified accordingly.

### **At-Will Employment**

In the state of Massachusetts, employment is assumed to be at-will unless otherwise stated. At-will employment implies that employer and employee alike may terminate the work relationship at any given moment and for any legitimate purpose. Wrongful termination may be more difficult to prove in an at-will arrangement because of the freedom that each party has to end the employment. However, there are still many instances wherein a termination or discharge can be called wrongful, even in an at-will employment.

### **Workplace Attire**

The required attire for registered marijuana agents at Magic Dragon’s facility varies based upon required duties. New hire training will define appropriate attire for each role and the Human Resources Manager will be responsible for ensuring compliance with all requirements is met.

### **Business Hours**

Monday: 9am – 5pm  
Tuesday: 9am – 5pm  
Wednesday: 9am – 5pm  
Thursday: 9am – 5pm  
Friday: 9am – 5pm  
Saturday: 10am – 5pm  
Sunday: 10am – 5pm

### **Standard Employment Practices**

Magic Dragon values and thrives off of the contributions of its management and staff positions. Magic Dragon intends to be a market leader in workplace satisfaction by offering competitive wage and benefits packages and nurturing a corporate culture that values meaningful work-life balance, complete transparency and accountability and service to the Worcester community.

### **Advancement**

The organization will be structured in a relatively flat manner, with promotional opportunities within each department. Participation in training and bi-annual performance evaluations will be critical for any promotions or pay increases. Magic Dragon pledges to be an equal opportunity employer and advancer of its employees. See Magic Dragon’s Diversity Plan for greater detail.

### **Written Policies**

Magic Dragon’s written policies will address, inter alia, the Family and Medical Leave Act (FMLA), the Consolidated Omnibus Budget Reconciliation Act (COBRA), equal employment opportunity, discrimination, harassment, the Employee Retirement Income Security Act (ERISA), disabilities, maintenance of personnel files, privacy, email policy, 935 CMR 500.000 et. seq., holidays, hours, sick time, personal time, overtime, performance reviews, disciplinary procedures, working hours, pay rates, overtime, bonuses, veteran preferences, drug testing, personnel policies, military leaves of absence, bereavement leave, jury duty, CORI checks,

smoking, HIPAA, patient confidentiality, and compliance hotline.

### **Investigations**

Magic Dragon will develop policies and procedures to investigate any complaints or concerns identified or raised internally or externally in order to stay remain compliant with 935 CMR 500.000 et. seq.

### **Designated Outside Counsel**

Magic Dragon may retain counsel specializing in employment law to assist the Human Resources Manager with any issues and questions.

### **Job Classifications**

Positions at Magic Dragon are categorized by rank and by department. Magic Dragon's executive management team oversees the overall success toward achieving the company's mission. Magic Dragon's CEO is responsible for implementation of the mission and the greater executive management team is responsible for ensuring that all departments are properly executing their functions and responsibilities. Job classification is comprised of three rank tiers: Executive Management, Management/Supervisors, and Non-Management Employee Staff.

### **Work Schedules**

Work schedules will be either part-time, full-time, or salaried, depending of the specific position<sup>1</sup>. Schedules will be set according to the needs of each department as determined by the applicable department manager and the supervising executive manager. It is the department manager's responsibility to develop and implement a work schedule that provides necessary duty and personnel coverage but does not exceed what is required for full implementation of operations. The department manager will also ensure that adequate coverage occurs on a daily basis and does not lead to unnecessary utilization of overtime coverage.

### **Mandatory Meetings and Community Service Days**

There will be a mandatory reoccurring company-wide meeting on a quarterly basis. All full-time employees will be notified of their required attendance. Magic Dragon will also organize and encourage employee participation in community service activities in Worcester. Magic Dragon pledges to pay employees for up to two community service days per calendar.

### **Breaks**

Daily breaks, including lunch breaks, will comply with the laws of the Commonwealth of Massachusetts.

### **Performance Reviews**

Performance reviews will be conducted by executive or department managers. Reviews will be conducted at three-month intervals for new employees during the first year of employment and at 6-month intervals thereafter. A written review will be provided to, and signed by, the employee

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<sup>1</sup> Internships may either be part-time or full-time depending on the development of Magic Dragon's internship training program and the company's then-existing staffing needs.

under review. Reviews must be retained in each employee's personnel file and treated as a personnel record in accordance with Magic Dragon's Recordkeeping Policies. Performance reviews must take into account positive performance factors and areas requiring improvement. Scoring systems may be utilized to help reflect the employee's overall performance.

## **Leave Policies**

Magic Dragon leave policies will comport with all state and federal law. All full-time employees will receive two 40-hour weeks of paid vacation per annum. Additional leave must be requested at least 2 weeks in advance and approved by the employee's department manager. Magic Dragon will determine which holidays will be observed and which departments will not be required to work. Magic Dragon will offer paid maternity leave. Additional leave will not be paid and must be approved by the department manager.

Magic Dragon anticipates observing the following holidays:

- New Year's Day;
- Martin Luther King Day;
- Presidents' Day;
- Memorial Day;
- Independence Day;
- Labor Day;
- Thanksgiving; and
- Christmas Day.

## **Disciplinary Policies**

### ***Purpose***

Magic Dragon's discipline policy and procedure is designed to provide a structured corrective action process to improve and prevent a recurrence of undesirable behavior and/or performance issues. The steps outlined below have been designed for consistency with Magic Dragon's organizational values, best practices, and employment laws.

Magic Dragon reserves the right to combine or skip steps depending upon facts of each situation and the nature of the offense – each offense will be reviewed and remediated on a case-by-case basis. The level of disciplinary intervention may also vary. The procedure outlined below is intended to provide guidance to the Magic Dragon Human Resources Manager and executive management team and not bind them in any given disciplinary scenario. Some of the factors that will be considered depend upon whether the offense is repeated despite coaching, counseling, and/or training; the employee's work record; and the impact the conduct and performance issues have on Magic Dragon's organization.

### ***Procedure***

#### **Step 1: Counseling and Verbal Warning**

Step 1 creates an opportunity for the immediate supervisor to schedule a meeting with an employee to bring attention to the existing performance, conduct, or attendance issue. The supervisor should discuss with the employee the nature of the problem or violation of company policies and procedures. The supervisor is expected to clearly outline expectations and steps the employee must take to improve performance or resolve the problem.

Within five business days, the supervisor will prepare written documentation of a Step 1

meeting. The employee will be asked to sign the written documentation. The employee's signature is needed to demonstrate the employee's understanding of the issues and the corrective action needed.

### Step 2: Written Warning

While it is hoped that the performance, conduct, or attendance issues that were identified in Step 1 have been corrected, Magic Dragon recognizes that this may not always be the case. A written warning involves a more formal documentation of the performance, conduct, or attendance issues and consequences.

During Step 2, the immediate supervisor and a department manager or director will meet with the employee and review any additional incidents or information about the performance, conduct, or attendance issues as well as any prior relevant corrective action plans. Magic Dragon management will outline the consequences for the employee of his or her continued failure to meet performance and/or conduct expectations. A formal performance improvement plan (PIP) requiring the employee's immediate and sustained corrective action will be issued within five business days of a Step 2 meeting. A warning outlining that the employee may be subject to additional discipline up to and including termination if immediate and sustained corrective action is not taken may also be included in the written warning.

### Step 3: Suspension and Final Written Warning

There may be performance, conduct, or safety incidents so problematic and harmful that the most effective action may be the temporary removal of the employee from the workplace. When immediate action is necessary to ensure the safety of the employee or others, the immediate supervisor may suspend the employee pending the results of an investigation.

Suspensions that are recommended as part of the normal progression of this progressive discipline policy and procedure are subject to approval from a next-level manager and the Human Resources Manager.

Depending upon the seriousness of the infraction, the employee may be suspended without pay in full-day increments consistent with federal, state and local wage-and-hour employment laws. Nonexempt/hourly employees may not substitute or use an accrued paid vacation or sick day in lieu of the unpaid suspension. Due to Fair Labor Standards Act (FLSA) compliance issues, unpaid suspension of salaried/exempt employees is reserved for serious workplace safety or conduct issues. The Human Resources Manager will provide guidance so that the discipline is administered without jeopardizing the FLSA exemption status.

Pay may be restored to the employee if an investigation of the incident or infraction absolves the employee.

### Step 4: Recommendation for Termination of Employment

The last and most serious step in the progressive discipline procedure is a recommendation to terminate employment. Generally, Magic Dragon will endeavor to exercise the progressive nature of this policy by first providing warnings, a final written warning, and/or suspension from the workplace before proceeding to a recommendation to terminate employment. However, Magic Dragon reserves the right to combine and skip steps depending upon the circumstances and severity of each situation and the nature of the offense. Furthermore, employees may be terminated without prior notice or disciplinary action.

Management's recommendation to terminate employment must be approved by the Human Resources Manager and department manager or designee. Final approval may be required from the CEO or designee.

Notwithstanding the foregoing, nothing in this policy provides any contractual rights regarding employee discipline or counseling nor should anything in this policy be read or construed as modifying or altering the employment-at-will relationship between Magic Dragon and its employees.

### ***Appeal Process***

Employees will have the opportunity to present information that may challenge information management has used to issue disciplinary action. The purpose of this process is to provide insight into extenuating circumstances that may have contributed to the employee performance and/or conduct issues while allowing for an equitable solution. If the employee does not present this information during any of the step meetings, he or she will have five business days after that meeting to present information.

### ***Performance and Conduct Issues Not Subject to Progressive Discipline***

Behavior that is illegal is not subject to progressive discipline and may be reported to the Worcester Police Department or other law enforcement authorities. Theft, intoxication at work, fighting, diversion and other acts of violence are also not subject to progressive discipline and are grounds for immediate termination.

### ***Documentation***

The employee will be provided copies of all progressive discipline documentation, including all performance improvement plans. The employee will be asked to sign copies of this documentation attesting to their receipt and understanding of the corrective action outlined in these documents. Copies of these documents will be placed in the employee's official personnel file.

### ***Separation of Employment***

Separation of employment within an organization can occur for several different reasons. Employment may end as a result of resignation, retirement, release (end of season or assignment), reduction in workforce, or termination. When an employee separates from Magic Dragon, his or her supervisor must contact the Human Resources Manager to schedule an exit interview, typically to take place on employee's last workday.

#### ***Types of Separation***

1. ***Resignation:*** Resignation is a voluntary act initiated by the employee to end employment with Magic Dragon. The employee must provide a minimum of two (2) weeks' notice prior to resignation. If an employee does not provide advance notice or fails to actually work the remaining two weeks, the employee will be ineligible for rehire and will not receive accrued benefits. The resignation date must not fall on the day after a holiday.
2. ***Retirement:*** An employee who wishes to retire is required to notify his or her department director and the Human Resources Manager in writing at least one (1) month before planned

retirement date. It is the practice of Magic Dragon to give special recognition to valued employees at the time of their retirement.

3. ***Job Abandonment:*** An employee who fails to report to work or contact his or her supervisor for two (2) consecutive workdays will be considered to have abandoned the job without notice effective at the end of the employee's normal shift on the second day. The department manager will notify the Human Resources Manager at the expiration of the second workday and initiate the paperwork to terminate the employee. Employees who are separated due to job abandonment are ineligible to receive accrued benefits and are ineligible for rehire.
4. ***Termination:*** Employees of Magic Dragon are employed on an at-will basis, and the company retains the right to terminate an employee at any time.
5. ***Reduction in Workforce:*** An employee may be laid off due to changes in duties, organizational changes, lack of funds, or lack of work. Employees who are laid off may not appeal the layoff decision through the appeal process.
6. ***Release:*** Release is the end of temporary or seasonal employment. The Human Resources Manager, in consultation with the department manager, will inform the temporary or seasonal worker of their release according to the terms of the individual's temporary employment.

### ***Exit Interview***

The separating employee will contact the Human Resources Manager as soon as notice is given to schedule an exit interview. The interview will be on the employee's last day of work or other day, as mutually agreed upon.

### ***Return of Property***

The separating employee must return all company property at the time of separation, including but not limited to uniforms, cell phones, keys, facility access cards, computers, and identification cards. Failure to return some items may result in deductions from final paycheck. An employee will be required to sign the Wage Deduction Authorization Agreement to deduct the costs of such items from the final paycheck.

### ***Termination of Benefits***

An employee separating from Magic Dragon is eligible to receive benefits as long as the appropriate procedures are followed as stated above. Two weeks' notice must be given, and the employee must work the full two work weeks. Any accrued vacation and/or accrued sick leave will be paid in the last paycheck.

### ***Health Insurance***

Health insurance terminates on the last day of the month of employment, unless the employee requests immediate termination of benefits. Information about the Consolidated Omnibus Budget Reconciliation Act (COBRA) continued health coverage will be provided. Employees will be required to pay their share of the dependent health and dental premiums through the end of the month.

### ***Rehire***

Former employees who left in good standing and were classified as eligible for rehire may be considered for reemployment. An application must be submitted to the Human Resources Manager, and the applicant must meet all minimum qualifications and requirements of the position, including any qualifying exam and current registration with the Commission, when required.

Department managers must obtain approval from the Human Resources Manager or designee prior to rehiring a former employee. Rehired employees begin benefits just as any other new employee. Previous tenure will not be considered in calculating longevity, leave accruals, or any other benefits. An applicant or employee who is terminated for violating policy or who resigned in lieu of termination from employment due to a policy violation will be ineligible for rehire.

### ***Compensation***

Magic Dragon believes that it is in the best interests of both the organization and its employees to fairly compensate its workforce for the value of the work provided. Magic Dragon intends to use a compensation system that will determine the current market value of a position based on the skills, knowledge, and behaviors required of a fully-competent incumbent. The system used for determining compensation will be objective and non-discriminatory in theory, application and practice. The company has determined that this can best be accomplished by using a professional compensation consultant, as needed, and a system recommended and approved by the executive management team.

### ***Selection Criteria***

1. The compensation system will price positions to market by using local, national, and marijuana-industry specific survey data.
2. The market data will primarily include marijuana-related businesses and will include survey data for more specialized positions and will address significant market differences due to geographical location.
3. The system will evaluate external equity, which is the relative marketplace job worth of every marijuana-industry job directly comparable to similar jobs at Magic Dragon, factored for general economic variances, and adjusted to reflect the local economic marketplace.
  - a. The system will evaluate internal equity, which is the relative worth of each job in the organization when comparing the required level of job competencies, formal training and experience, responsibility and accountability of one job to another, and arranging all jobs in a formal job-grading structure.
4. Professional support and consultation will be available to evaluate the compensation system and provide on-going assistance in the administration of the program.
5. The compensation system must be flexible enough to ensure that the company is able to recruit and retain a highly-qualified workforce, while providing the structure necessary to effectively manage the overall compensation program.

### ***Responsibilities***

The executive management team will possess final approval authority over Magic Dragon's compensation system.

1. On an annual basis the executive management team will review and approve, as appropriate, recommended changes to position-range movement as determined through the vendor's market analysis process.
2. As part of the annual budgeting process, the executive management team will review and approve, as appropriate, funds to be allocated for total compensation, which would include base salaries, bonus, variable based or incentive-based pay, and all other related expenses, including benefit plans.

### ***Management Responsibility***

1. The CEO is charged with ensuring that Magic Dragon is staffed with highly-qualified, fully-competent employees and that all company programs are administered within appropriate guidelines and within the approved budget.
2. The salary budget will include a gross figure for the following budget adjustments, but the individual determinations for each employee's salary adjustment will be the exclusive domain of the CEO: determining the appropriate head count, titles, position levels, merit and promotional increases and compensation consisting of salary, incentive, bonus, and other discretionary pay for all positions.
3. The CEO will ensure that salary ranges are updated at least annually, that all individual jobs are market priced at least once every two years, and that pay equity adjustments are administered in a fair and equitable manner.

This policy may also be referred to by the Company as the “**Personnel and Background Check Policy**”.

**Separating Recreational from Medical Operations:**

Magic Dragon LLC (the “**Company**”) is seeking licensure for a marijuana cultivation facility and product manufacturing facility pursuant to 935 CMR 500.000 *et al.* Accordingly, this section regarding the separation of medical from recreational marijuana products is not applicable.

This policy may also be referred to by the Company as the “**Policy for Separating Recreational from Medical Operations**”.

## Diversity Plan

Uproot, LLC (the “**Company**”) understands and appreciates the importance of diversity and as such is committed to actively working to ensure a diverse work place is created in the Company.

It is a policy of the Company to promote equity among people of color, particularly Black, African American, Hispanic, Latinx, and Indigenous people, women, veterans, persons with disabilities, and L.G.B.T.Q. + in the operation of the Marijuana Establishment. To the extent permissible by law, the Company will make jobs available to people of color, particularly Black, African American, Hispanic, Latinx, and Indigenous people, women, veterans, persons with disabilities, and L.G.B.T.Q. +, but this does not prevent the Company from hiring the most qualified candidates and complying with all employment laws and other legal requirements.

To this end, the Company will deploy a plan for enhancing diversity and equity within the organization through a number of various outreach efforts. Specifically, as it relates to its own internal practices, the Company will implement the following policies in connection with its diversity plan:

### Goals:

- (1) The Company endeavors to provide job opportunities to people of color, particularly Black, African American, Hispanic, Latinx, and Indigenous people, women, veterans, persons with disabilities, and L.G.B.T.Q. +. The Company shall seek parity in its work force based on the American Community Survey (ACS) 2010 U.S. Census. **Workforce availability statistics for the Total Civilian Labor Force in Massachusetts is as follows: Women 48.8%, Minorities 20.7%, Persons with Disabilities 12% and Veterans 3.5% <sup>1</sup>and 10% L.G.B.T.O. +.**
- (2) It shall be a goal of the Company to offer **100% of the Company’s opportunities for advancement to management and executive positions internally**, thereby providing opportunities to its diverse workforce, to the extent its workforce has been filled by diverse individuals, for advancement.
- (3) It shall be a goal of the Company to ensure that **one hundred percent (100%)** of its employees receive **training on diversity and sensitivity**.

### Programs:

To the extent reasonably practicable, the Company shall Implement the following programs:

- In an effort to ensure it has the opportunity to interview, and hire a diverse staff, the Company will post **monthly notices** for **three (3) months** during the hiring process in newspapers of general circulation such as the **Worcester Telegram and Gazette** and post a notice at the municipal offices in **the City of Worcester** for **three (3) months** during the hiring process. The aforementioned notices will state that the Company is specifically looking for people of color,

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<sup>1</sup> <https://www.mass.gov/files/2017-08/census-2010-workforce-availability.pdf>

particularly Black, African American, Hispanic, Latinx, and Indigenous people, women, veterans, persons with disabilities, or L.G.B.T.Q. +, to work for the Company.

In an effort to ensure the Company meets its goal of offering advancement to management and executive positions internally, the Company shall offer **100% of the Company's opportunities for** advancement internally. Additionally, in an effort to ensure that its staff has opportunities to train for management positions, the Company shall offer **a management training day once a quarter**. This management training day shall be made available to all employees and will allow employees to shadow management and learn how to perform additional duties and responsibilities of management. Additional duties may include, but are not limited to, opening and closing the facility, reviewing inventory and placing orders, staff scheduling requirements and the implementation of certain security and emergency protocols.

All opportunities for management level employment will first be offered internally via notices sent electronically to employees and posted in employee common areas.

- As described above, it is a goal of the Company to seek parity in its workforce. Accordingly, the Company shall form a diversity and equity committee to monitor the Company's progress towards meeting those goals. This committee will meet **quarterly** to review and assess the Company's hires and hiring practices. **Meeting Minutes** will be provided to the Commission on request and for the Company's annual license renewal application.
- The Company shall require that **one hundred percent (100%)** of its employees receive education on diversity, implicit biases and sensitivity within the **first ninety (90) days of employment and once annually thereafter**. The Company's educational programs on diversity, implicit biases and sensitivity shall include, but not be limited to: (1) Harassment, Diversity & Sensitivity Training; (2) Sexual Harassment Prevention & Awareness Training; (3) Discrimination Free Workplace; (4) Violence in the Workplace; (5) Harassment in the Workplace (for Management); (6) Diversity and Sensitivity in the Workplace (for Management); (7) Unconscious Bias Training; (8) Ethics; and (9) Drug and Alcohol-Free Workplace.

### **Measurements**

To the extent reasonably practicable and as allowed by law, the Company shall implement the following measurements:

- a. Pursuant to 935 CMR 500.103(4)(a) the Company's diversity and equality committee shall prepare an annual report identifying the Company's efforts to encourage diversity in the work place, in compliance with 935 CMR 500.101(1)(c)(8)(k) and this *Diversity Policy*. Specifically, said report shall identify the demographics of its employee population including but not limited to identifying the gender, race, sexual orientation and disabled status of its employees without identifying the employee specifically and to the extent each employee is willing to share such information.

Additionally, this report will include the following metrics:

- i. Number of individuals from the target demographic groups who were hired and retained after the issuance of a license;
- ii. Number of promotions for people falling into the target demographics since initial licensure and number of promotions offered;
- iii. Number of jobs created since initial licensure;
- iv. Number of job postings in publications with supporting documentation; and
- v. Number and subject matter of internal trainings held on diversity, implicit biases and sensitivity and the number of employees in attendance.

The Company affirmatively states that: (1) it acknowledges and is aware, 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; (2) 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 and (3) the Company will be required to document progress or success of this plan, in its entirety, annually upon renewal of its provisional license.

This policy may also be referred to by the Company as the "**Diversity Plan**".