



## Massachusetts Cannabis Control Commission

### Marijuana Cultivator

#### General Information:

License Number: MC282282  
Original Issued Date: 06/10/2020  
Issued Date: 06/10/2020  
Expiration Date: 06/10/2021

### ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: Hennep Cultivation LLC

Phone Number: 914-483-9167  
Email Address: akoudijs@hennep.com

Business Address 1: 160 Grove Street  
Business City: Franklin  
Business State: MA  
Business Zip Code: 02038  
Business Address 2:  
Mailing Address 1: 1330 Boylston St  
Mailing City: Boston  
Mailing State: MA  
Mailing Zip Code: 02215  
Mailing Address 2: Unit 202

### 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: 90  
Percentage Of Control: 90  
Role: Other (specify)  
Other Role: Owner/managing member

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

Person with Direct or Indirect Authority 2

Percentage Of Ownership:	Percentage Of Control:	
Role: Manager	Other Role:	
First Name: Colin	Last Name: Noel	Suffix:
Gender: Male	User Defined Gender:	
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)		
Specify Race or Ethnicity:		

Person with Direct or Indirect Authority 3

Percentage Of Ownership: 10	Percentage Of Control: 10	
Role: Other (specify)	Other Role: Owner/voting member	
First Name: Alexander	Last Name: Koudijs	Suffix:
Gender: Male	User Defined Gender:	
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)		
Specify Race or Ethnicity:		

Person with Direct or Indirect Authority 4

Percentage Of Ownership:	Percentage Of Control:	
Role: Manager	Other Role:	
First Name: Laura	Last Name: Amato	Suffix:
Gender: Female	User Defined Gender:	
What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)		
Specify Race or Ethnicity:		

ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

Entity with Direct or Indirect Authority 1

Percentage of Control: 100	Percentage of Ownership: 100	
Entity Legal Name: AKA Holdings LLC	Entity DBA:	DBA City:
Entity Description: AKA Holdings LLC is a Massachusetts limited liability company formed for the purposes of holding interests in Massachusetts Marijuana Establishments		
Foreign Subsidiary Narrative:		
Entity Phone: 914-483-9167	Entity Email: akoudijs@hennep.com	Entity Website:
Entity Address 1: Prince Lobel Tye LLP	Entity Address 2: ONE INTERNATIONAL PLACE, SUITE 3700	
Entity City: Boston	Entity State: MA	Entity Zip Code: 02210
Entity Mailing Address 1: Prince Lobel Tye LLP	Entity Mailing Address 2: ONE INTERNATIONAL PLACE, SUITE 3700	
Entity Mailing City: Boston	Entity Mailing State: MA	Entity Mailing Zip Code: 02210

**Relationship Description:** AKA Holdings LLC is the Parent Company and sole owner of the applicant, Hennep Cultivation LLC, and holds 100% control, as detailed in the Applicant's operating agreement.

#### CLOSE ASSOCIATES AND MEMBERS

No records found

#### CAPITAL RESOURCES - INDIVIDUALS

Individual Contributing Capital 1

**First Name:** Andrew      **Last Name:** Koudijs      **Suffix:**

**Types of Capital:** Monetary/Equity    **Other Type of Capital:**    **Total Value of the Capital Provided:** \$250000    **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

Individual 1

**First Name:** Andrew      **Last Name:** Koudijs      **Suffix:**

**Marijuana Establishment Name:** Hennep, Inc      **Business Type:** Marijuana Retailer

**Marijuana Establishment City:** Provincetown      **Marijuana Establishment State:** MA

Individual 2

**First Name:** Andrew      **Last Name:** Koudijs      **Suffix:**

**Marijuana Establishment Name:** Hennep Cultivation LLC      **Business Type:** Marijuana Product Manufacture

**Marijuana Establishment City:** Franklin      **Marijuana Establishment State:** MA

Individual 3

**First Name:** Colin      **Last Name:** Noel      **Suffix:**

**Marijuana Establishment Name:** Hennep Cultivation LLC      **Business Type:** Marijuana Product Manufacture

**Marijuana Establishment City:** Franklin      **Marijuana Establishment State:** MA

Individual 4

**First Name:** Alexander      **Last Name:** Koudijs      **Suffix:**

**Marijuana Establishment Name:** Hennep Cultivation LLC      **Business Type:** Marijuana Product Manufacture

**Marijuana Establishment City:** Franklin      **Marijuana Establishment State:** MA

Individual 5

**First Name:** Laura      **Last Name:** Amato      **Suffix:**

**Marijuana Establishment Name:** Hennep Cultivation LLC      **Business Type:** Marijuana Product Manufacture

**Marijuana Establishment City:** Franklin      **Marijuana Establishment State:** MA

#### MARIJUANA ESTABLISHMENT PROPERTY DETAILS

**Establishment Address 1:** 160 Grove Street

**Establishment Address 2:**

**Establishment City:** Franklin      **Establishment Zip Code:** 02038

**Approximate square footage of the Establishment:** 60000      **How many abutters does this property have?:** 14

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

Cultivation Tier: Tier 06: 40,001 to 50,000 sq. ft

Cultivation Environment: Indoor

#### FEE QUESTIONS

Cultivation Tier: Tier 06: 40,001 to 50,000 sq. ft    Cultivation Environment: Indoor

#### HOST COMMUNITY INFORMATION

Host Community Documentation:

Document Category	Document Name	Type	ID	Upload Date
Certification of Host Community Agreement	Hennep Cultivation LLC HCA Certification.pdf	pdf	5d9e8f77b107e415ca911049	10/09/2019
Plan to Remain Compliant with Local Zoning	Plan to Remain Compliant with Local Zoning.pdf	pdf	5daf6b47d5c8962b282dafaf	10/22/2019
Community Outreach Meeting Documentation	Hennep Cultivation LLC COM Documentation redacted 3-3-20.pdf	pdf	5e5ee176c51b0d43fad1cae1	03/03/2020

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

#### PLAN FOR POSITIVE IMPACT

Plan to Positively Impact Areas of Disproportionate Impact:

Document Category	Document Name	Type	ID	Upload Date
Plan for Positive Impact	Positive Impact Plan -Hennep Cultivation LLC - 10_23_19.pdf	pdf	5db05a4690352a2b339ad1a9	10/23/2019

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### INDIVIDUAL BACKGROUND INFORMATION

##### Individual Background Information 1

Role: Other (specify)      Other Role: Owner/managing member  
First Name: Andrew      Last Name: Koudijs      Suffix:  
RMD Association: Not associated with an RMD  
Background Question: no

##### Individual Background Information 2

Role: Manager      Other Role:  
First Name: Colin      Last Name: Noel      Suffix:  
RMD Association: Not associated with an RMD  
Background Question: no

##### Individual Background Information 3

Role: Manager      Other Role:  
First Name: Laura      Last Name: Amato      Suffix:

RMD Association: Not associated with an RMD

Background Question: no

#### Individual Background Information 4

Role: Other (specify) Other Role: Owner/voting member

First Name: Alexander Last Name: Koudijs Suffix:

RMD Association: Not associated with an RMD

Background Question: no

#### ENTITY BACKGROUND CHECK INFORMATION

##### Entity Background Check Information 1

Role: Parent Company

Other Role:

Entity Legal Name: AKA Holdings LLC

Entity DBA:

Entity Description: AKA Holdings LLC is a Massachusetts limited liability company formed for the purposes of holding interests in Massachusetts Marijuana Establishments

Phone: 914-483-9167

Email: akoudijs@hennep.com

Primary Business Address 1: Prince Lobel Tye LLP

Primary Business Address 2: ONE  
INTERNATIONAL PLACE, SUITE 3700

Primary Business City: Boston

Primary Business State: MA

Principal Business

Zip Code: 02210

Additional Information: AKA Holdings LLC is the Parent Company and sole owner of the applicant, Hennep Cultivation LLC, and holds 100% control, as detailed in the Applicant's operating agreement.

#### MASSACHUSETTS BUSINESS REGISTRATION

Required Business Documentation:

Document Category	Document Name	Type	ID	Upload Date
Articles of Organization	Hennep Cultivation LLC - Certificate of Organization - 2019-03-28.pdf	pdf	5d9e91c4d471f115eb59abe0	10/09/2019
Secretary of Commonwealth - Certificate of Good Standing	Cert of Good Stand SOC Hennep Cultivation LLC.pdf	pdf	5da6328fba9d562b3e02fec7	10/15/2019
Department of Revenue - Certificate of Good standing	Cert of Good Standing DOR Hennep Cultivation LLC.pdf	pdf	5daa0e3e73225f2fcd76497d	10/18/2019
Bylaws	SIGNED Hennep Cultivation LLC MA Operating Agreement 10-21-19.pdf	pdf	5db1eb17b207f82b12a942d1	10/24/2019

No documents uploaded

Massachusetts Business Identification Number: 001375984

Doing-Business-As Name:

DBA Registration City:

#### BUSINESS PLAN

Business Plan Documentation:

Document Category	Document Name	Type	ID	Upload Date
Proposed Timeline	Proposed Timeline.pdf	pdf	5db1b45f51e4622fd806a9d0	10/24/2019

Business Plan	Business Plan Text - Hennep Cultivation LLC - 102419.pdf	pdf	5db1cd67ec4af12b5426b278	10/24/2019
Plan for Liability Insurance	PROPOSAL FOR INSURANCE Hennep Cultivation LLC.pdf	pdf	5e6124eb73b705467fec99e2	03/05/2020

## OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

Document Category	Document Name	Type	ID	Upload Date
Qualifications and training	Employee Qualifications and Training.pdf	pdf	5daf668090352a2b339acfe6	10/22/2019
Inventory procedures	Inventory Procedures.pdf	pdf	5daf6682572d3130006a3bd4	10/22/2019
Maintaining of financial records	Maintaining of Financial Records.pdf	pdf	5daf6684cdbfc22fc658c80b	10/22/2019
Personnel policies including background checks	Personnel Policies.pdf	pdf	5daf6687ec4af12b5426abbc	10/22/2019
Prevention of diversion	Prevention of Diversion.pdf	pdf	5daf66c4d5c8962b282daf76	10/22/2019
Quality control and testing	Quality Control.pdf	pdf	5daf66c6b207f82b12a93b98	10/22/2019
Record Keeping procedures	Record Keeping Procedures.pdf	pdf	5daf6723572d3130006a3bd8	10/22/2019
Restricting Access to age 21 and older	Restricting Access to 21.pdf	pdf	5daf672490352a2b339acfec	10/22/2019
Storage of marijuana	Storage of Marijuana.pdf	pdf	5daf6727c9aebd2b498a8e03	10/22/2019
Transportation of marijuana	Transportation Plan.pdf	pdf	5daf6729cdbfc22fc658c810	10/22/2019
Security plan	Hennep Cultivation LLC Security Plan RFI 3-2-20 update final.pdf	pdf	5e668ac249038b46abf1db3d	03/09/2020
Diversity plan	Diversity Plan - Hennep Cultivation LLC - RFI 3-2-20 update final.pdf	pdf	5e668cf844a317443c108fae	03/09/2020
Policies and Procedures for cultivating.	Policies and Procedures for Cultivation RFI 3-5-20 update final.pdf	pdf	5e668f0ad2a4e4440583a01e	03/09/2020

## ATTESTATIONS

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

I understand that the regulations stated above require an applicant for licensure to list all executives, managers, persons or entities having direct or indirect authority over the management, policies, security operations or cultivation operations of the Marijuana Establishment; close associates and members of the applicant, if any; and a list of all persons or entities contributing 10% or more of the initial capital to operate the Marijuana Establishment including capital that is in the form of land or buildings.: I Agree

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

Notification: I Understand

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

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

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

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### COMPLIANCE WITH POSITIVE IMPACT PLAN

No records found

#### COMPLIANCE WITH DIVERSITY PLAN

No records found

#### HOURS OF OPERATION

Monday From: Open 24 Hours	Monday To: Open 24 Hours
Tuesday From: Open 24 Hours	Tuesday To: Open 24 Hours
Wednesday From: Open 24 Hours	Wednesday To: Open 24 Hours
Thursday From: Open 24 Hours	Thursday To: Open 24 Hours
Friday From: Open 24 Hours	Friday To: Open 24 Hours
Saturday From: Open 24 Hours	Saturday To: Open 24 Hours
Sunday From: Open 24 Hours	Sunday To: Open 24 Hours

## 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

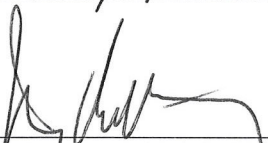
I, Andrew Koudijs, (*insert name*) certify as an authorized representative of Hennep Cultivation LLC (*insert name of applicant*) that the applicant has executed a host community agreement with the Town of Franklin (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on 3/29/19 (*insert date*).



Signature of Authorized Representative of Applicant

### Host Community

I, Jeffrey D. Nutting, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for the Town of Franklin (*insert name of host community*) to certify that the applicant and the Town of Franklin (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 3/29/19 (*insert date*).



Signature of Contracting Authority or  
Authorized Representative of Host Community





### **Plan to Remain Compliant with Local Zoning**

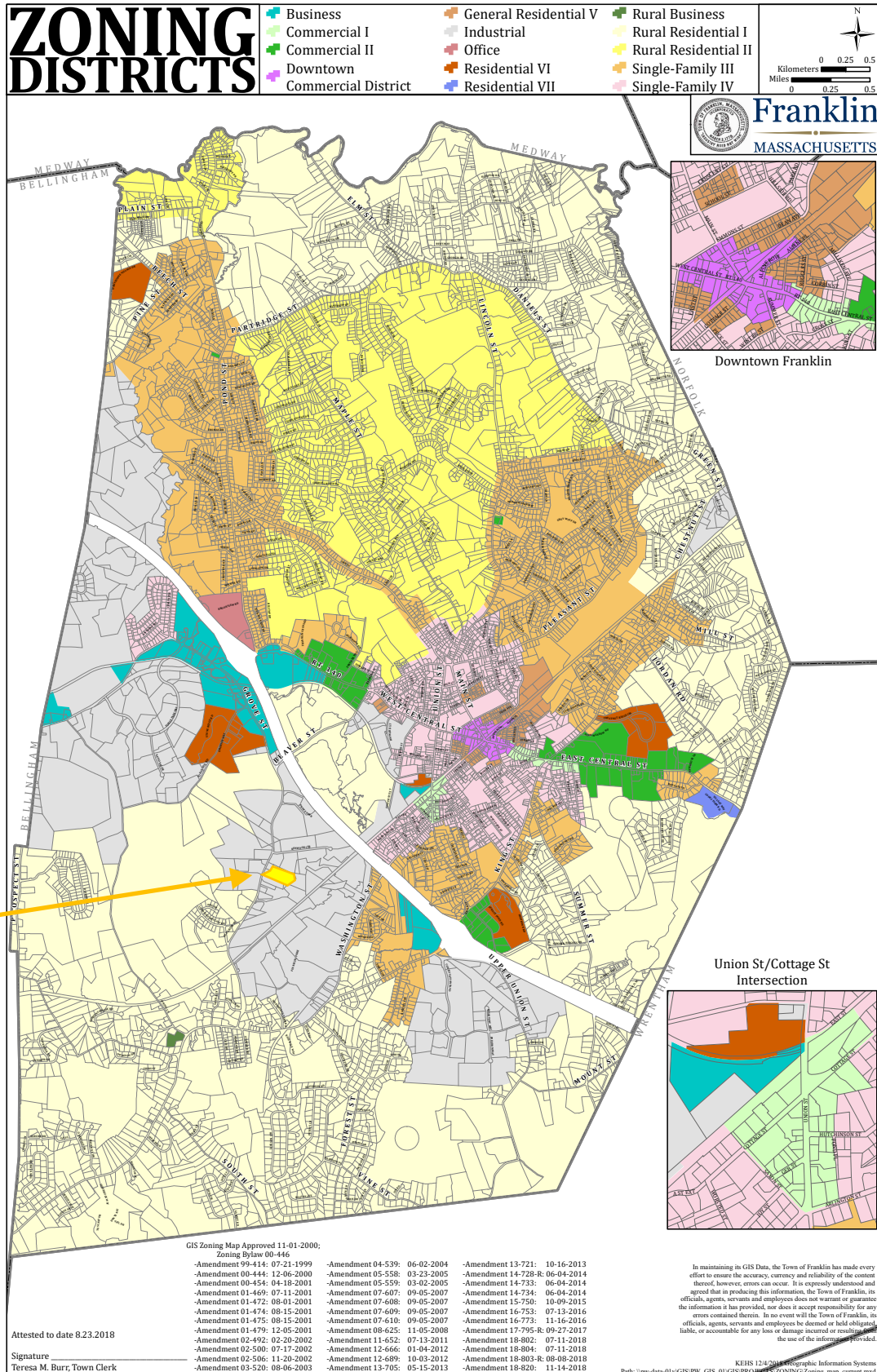
The Town of Franklin Massachusetts (the “**Town**”) amended its zoning Bylaw at a Franklin Town Council meeting held on February 8, 2017, and added on February 15, 2017 by Bylaw Amendment 17-779, to allow the cultivation, and production manufacturing marijuana for adult-use in the Industrial zoning district.

Hennep Cultivation LLC (the “**Company**”), is proposing to develop and operate a Marijuana Establishment at 160 Grove Street. This site is located in the Industrial zone, which permits the operation of a marijuana establishment, specifically a marijuana cultivation and production manufacturing facility pursuant to Chapter 185, Article V, Section 185-49 of the Bylaw, subject to the granting of a Special Permit from the Town of Franklin Planning Board (the “**Board**”). Please see the attached zoning bylaws and zoning map for reference.

The Company has discussed its marijuana cultivation and product manufacturing facility with town officials, including the building department, police department and fire department, health department, department of public works and has appeared before the aforementioned departments during a technical review meeting to discuss the Company’s proposal. Moreover, the Company has entered into a host community agreement with the Town of Franklin. The Company will be filing for the special permit with the Board within the next month, and expects to obtain the necessary zoning relief and permits to start construction on the proposed establishment by February 2020.

The Company plans to continue to work with officials from the Town to ensure the operations will have a positive impact on the community and will work diligently to obtain all necessary approvals and permitting.

The Company hereby submits that it will continue to comply with all local and state requirements, and will be responsible for ongoing compliance with local and state rules and regulations.



## Chapter 185. Zoning

### Article V. Special Regulations

#### § 185-49. Marijuana Use Overlay District.

[Added 6-5-2013 by Bylaw Amendment 13-712; amended 2-15-2017 by Bylaw Amendment 17-783]

1. Purpose and Intent.
  - a. This section is adopted with the purpose and intent of establishing zoning to allow the use of medical marijuana treatment centers, medical marijuana testing facilities, and non-medical marijuana facilities in the Town of Franklin.
2. Applicability. This § **185-49** applies to the following:
  - a. All medical marijuana uses as defined in the Session Laws of the Commonwealth of Massachusetts Chapter 369 of the Acts of 2012 and medical marijuana testing facilities as regulated within this section and defined in § **185-3**.
    - i. No action taken under the enforcement powers of this chapter shall be in contradiction to the provisions of Chapter 369 of the Acts of 2012 as adopted or amended.
  - b. All non-medical marijuana establishments.
3. Establishment of the Marijuana Use Overlay District and relationship to underlying districts.
  - a. The Marijuana Use Overlay District is established as a district which overlays the underlying districts, so that any parcel of land underlying in the Marijuana Use Overlay District shall also lie in one or more of the other zoning districts in which it was previously classified, as provided for in this Zoning Bylaw.
4. Permitted uses.
  - a. Uses allowed by right. The following uses are allowed as of right within the Marijuana Use Overlay District:

- i. All uses permitted as of right in the underlying base zoning district.
- b. Uses allowed by special permit. The following uses may be allowed within the Marijuana Use Overlay District by Planning Board special permit:
  - i. Medical marijuana treatment facility.
  - ii. Medical marijuana testing facility.
  - iii. Non-medical marijuana establishment.

5. Location.

- a. The Marijuana Use Overlay District consists of those parcels of land zoned industrial that are located south or west of the sideline of Interstate 495; and which are not within 500 feet of a public or private school, and not within 200 feet of a residential zoning district, library, church, child-care facility, park, and playground. The 500 feet and 200 feet distances shall be measured from all property lines of the proposed use; state forest land shall not be considered when determining the proximity of a parcel to a residential zoning district.
- b. This district is delineated on the map entitled "Marijuana Use Overlay District" and created under § **185-4**, Districts enumerated.

6. Severability.

- a. If any of this section or portion of this section is ruled invalid, such ruling shall not affect the validity of the remainder of the section.

## 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, Andrew Koudijs, (*insert name*) attest as an authorized representative of Hennep Cultivation, LLC (*insert name of applicant*) that the applicant has complied with the requirements of 935 CMR 500 and the guidance for licensed applicants on community outreach, as detailed below.

1. The Community Outreach Meeting was held on April 30, 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 April 19, 2019 (*insert date*), which was at least seven calendar days prior to the meeting. A copy of the newspaper notice is attached as Attachment A (*please clearly label the newspaper notice in the upper right hand corner as Attachment A and upload it as part of this document*).
3. A copy of the meeting notice was also filed on April 23, 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 April 17, 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.



## Legal Notices

DESALES ESTATE AD#1  
**LEGAL NOTICE**  
 Commonwealth of  
 Massachusetts  
 The Trial Court  
 Probate and Family Court  
 Worcester Division  
 225 Main Street  
 Worcester, MA 01608  
 (508) 831-2000

Docket No. WO16P1974EA

### CITATION ON PETITION FOR REMOVAL

Estate of: Adair De Sales

Date of Death: 12/25/2015

To all interested persons:

A Petition has been filed by:  
**Jonathan F. Sales of Brazil**  
**BZ** requesting that **Ivoni**  
**Ferreira of Watertown MA** be  
 removed as Personal  
 Representative(s) of said  
 estate.

**You have the right to obtain  
 a copy of the Petition from  
 the Petitioner or at the  
 Court. You have a right to  
 object to this proceeding.  
 To do so, you or your attor-  
 ney must file a written  
 appearance and objection at  
 this Court before: 10:00 a.m.  
 on 05/07/2019.**

**This is NOT a hearing date,  
 but a deadline by which you  
 must file a written appear-  
 ance and objection if you  
 object to this proceeding. If  
 you fail to file a timely writ-  
 ten appearance and objec-  
 tion followed by an Affidavit  
 of Objections within thirty  
 (30) days of the return date,  
 action may be taken without  
 further notice to you.**

**WITNESS, Hon. Leilah A.  
 Keamy, First Justice of this  
 Court.**

Date: April 10, 2019  
**Stephanie K. Fattman**  
**Register of Probate**

AD# 13790409  
 MDN 4/19/19

### MARIJUANA LEGAL NOTICE OF COMMUNITY OUTREACH MEETING REGARDING AN ADULT-USE MARIJUANA ESTABLISHMENT PROPOSED BY HENNEP CULTIVATION LLC

Notice is hereby given that a  
 Community Outreach Meeting  
 for Hennep Cultivation LLC  
 proposed Marijuana  
 Establishment is scheduled  
 for Tuesday April 30th, 2019  
 at 7:00pm at 10 Daniel  
 McCahil Street, Franklin, MA  
 02038, at the Senior Center.  
 The proposed Marijuana  
 Cultivation Establishment is  
 anticipated to be located at  
 160 Grove Street, Franklin,  
 MA 02038. Community mem-  
 bers will be permitted, and are  
 encouraged, to ask questions  
 and receive answers from rep-  
 resentatives of Hennep  
 Cultivation LLC.

A copy of this notice is on file  
 with the Town Clerk, the  
 Board of Selectmen's office,  
 Town Manager's office, the  
 Planning Board, and the  
 Building Department, and a  
 copy of this Notice was pub-  
 lished in a newspaper of gen-  
 eral circulation and mailed at  
 least seven calendar days  
 prior to the community out-  
 reach meeting to abutters of  
 the proposed address of the  
 proposed Marijuana  
 Cultivation Establishment, to  
 owners of land directly oppo-  
 site on any public or private  
 street or way, and abutters to  
 the abutters within three hun-  
 dred (300) feet of the property  
 line of the petitioner as they  
 appear on the most recent  
 applicable tax list, notwith-  
 standing that the land of any  
 such owner is located in  
 another city or town.

AD#13790843  
 MDN 4/19/19

# Looking

and battery on a child under  
 the age of 14; and one count  
 of indecent assault and bat-  
 tery on a person over the age  
 of 14. His lawyer entered a  
 not guilty plea on Leung's  
 behalf.

The Concord Monitor  
 reports Leung's alleged  
 victim, now 17, said she was  
 sexually assaulted by Leung  
 several years on school  
 property and at a summer  
 program in Massachusetts.

It reports police found a  
 letter Leung wrote to the  
 student when she was 14  
 saying he loved her.

### LOS ANGELES Fleetwood Mac announces rescheduled dates for tour

Fleetwood Mac has  
 announced rescheduled  
 dates for its North America  
 tour that were postponed  
 earlier this month because  
 singer Stevie Nicks had the  
 flu.

The Grammy-winning  
 band is set to play Boston  
 on Oct. 28 and Philadelphia  
 on Nov. 3. Canadian dates  
 include Quebec City on Oct.  
 30, Toronto on Nov. 1, Win-  
 nipeg on Nov. 7, Calgary on  
 Nov. 10 and Edmonton on  
 Nov. 30.

All previously held tick-  
 ets will be honored and new  
 tickets will also go on sale.

The Fleetwood Mac tour  
 features original band mem-  
 bers Mick Fleetwood, John  
 McVie, Stevie Nicks, and  
 Christine McVie along with  
 newcomers Mike Campbell  
 and Neil Finn.

Former Fleetwood Mac  
 singer and guitarist Lind-  
 sey Buckingham isn't on the  
 tour after they parted ways  
 in 2018.

woman has been struck and  
 killed by a public transit bus  
 near Boston.

Transit Police Superinten-  
 dent Richard Sullivan says  
 the woman was struck by a  
 Massachusetts Bay Trans-  
 portation Authority bus in  
 Chelsea at about 5:30 a.m.  
 Thursday.

The woman was struck  
 near the Everett Avenue on-  
 ramp to the Tobin Bridge.  
 Her name was not released  
 but police say she lives in the  
 area.

The bus driver was not  
 hurt but was taken to the  
 hospital for an evaluation.

Sullivan says he was  
 driven for the MBTA for 12  
 years. He will undergo drug  
 and alcohol testing and  
 won't be allowed to drive a  
 T bus pending the comple-  
 tion of the investigation.

### BOSTON Feds: 12 facing identity theft and benefit fraud charges

Federal prosecutors  
 in Boston say they have  
 charged 12 people who used  
 the stolen identities of U.S.  
 citizens to illegally obtain  
 Social Security numbers,  
 Medicaid and other benefits  
 they were not entitled to.

Prosecutors said Thursday  
 that 10 of those charged are  
 not in the U.S. legally and six  
 have criminal records in the  
 names of the victims whose  
 identities they stole.

Authorities say the iden-  
 tities stolen were from  
 residents of Puerto Rico.

Eleven of the 12 were  
 charged with aggravated  
 identity theft and false  
 representation of a Social  
 Security number. One was  
 charged with misuse of a  
 Social Security number.

ederal inves-  
 to overtime  
 iding bogus  
 as, has led to  
 ges against 10  
 the now-dis-

officials have  
 existence of

### operating

Massachu-  
 n operating a  
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LEGAL NOTICE OF COMMUNITY OUTREACH MEETING REGARDING AN ADULT-  
USE MARIJUANA ESTABLISHMENT PROPOSED BY HENNEP CULTIVATION LLC

Notice is hereby given that a Community Outreach Meeting for Hennep Cultivation LLC proposed Marijuana Establishment is scheduled for Tuesday April 30<sup>th</sup>, 2019 at 7:00pm at 10 Daniel McCahil Street, Franklin, MA 02038, at the Senior Center. The proposed Marijuana Cultivation Establishment is anticipated to be located at 160 Grove Street, Franklin, MA 02038. Community members will be permitted, and are encouraged, to ask questions and receive answers from representatives of Hennep Cultivation LLC.

A copy of this notice is on file with the Town Clerk, the Board of Selectmen's office, Town Manager's office, the Planning Board, and the Building Department, and a copy of this Notice was published in a newspaper of general circulation and mailed at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the proposed Marijuana Cultivation Establishment, to owners of land directly opposite on any public or private street or way, and abutters to the abutters within three hundred (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.

RECEIVED

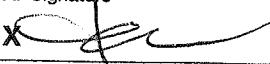
APR 23 2018 2019 CAW

TOWN ADMINISTRATOR  
TOWN OF FRANKLIN

2019 APR 23 A 9:34  
TOWN OF FRANKLIN  
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RECEIVED  
APR 23 2019  
PLANNING DEPT.



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature  </p> <p><input checked="" type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>306-005-000</p> <p>166 Grove Street  Franklin, MA 02038</p>		<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery  4-19-11</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7016 3010 0001 1143 8745</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes  If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Insured Mail  <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</p>		<p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

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

Domestic Return Receipt

U.S. Postal Service™  
**CERTIFIED MAIL® RECEIPT**  
Domestic Mail Only

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®

**OFFICIAL USE**

Certified Mail Fee \$

Extra Services & Fees (check box, add fee as appropriate)

☐ Return Receipt (hardcopy) \$

☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$

Total Postage and Fees \$

Sent To

Street and Apt. No., or PO Box # 306-005-000

City, State, ZIP+4® 166 Grove Street  
Franklin, MA 02038

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7016 3010 0001 1143 8745

MA 02038 FORT POINT STATION MA 02038

LEGAL NOTICE OF COMMUNITY OUTREACH MEETING REGARDING AN ADULT-  
USE MARIJUANA ESTABLISHMENT PROPOSED BY HENNEP CULTIVATION LLC

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# The Green Gateway Positive Impact Program

## Introduction

This direct mentor-to-mentee program will be hosted in Worcester, MA, a community that is an Area of Disproportionate Impact (ADI) as defined by the Commission. Hennep Cultivation LLC has committed to funding the *Green Gateway Positive Impact Program* for a minimum of five years. Execution of this program will commence at the receipt of a final Marijuana Establishment license. Quarterly scheduled seminars will be promoted and advertised through print media, social media, poster campaigns, and any other means.

## Acknowledgements

The applicant 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.

No actions taken, or programs instituted by the applicant will violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

No donation or program to support any specifically named organizations or the furtherance of their goals have been proposed as this is a direct mentor-to-mentee program.

## Goals:

This program will meet the spirit and objectives of state law M.G.L. Ch. 94G §4 that requires LMEs to, *"...engage in processes and policies that promote and encourage full participation in the regulated cannabis industry by people from communities that have previously been disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities."*

The Commission has identified the groups this plan is intended to impact as the following:

- Past or present residents of the geographic ADI, which have been defined by the Commission and identified in its *Guidance for Identifying Areas of Disproportionate Impact*.
- Commission-designated Economic Empowerment Priority applicants;
- Commission-designated Social Equity Program participants;
- Massachusetts residents who have past drug convictions; and
- Massachusetts residents with parents or spouses who have drug convictions.
- The above persons are hereinafter referred to as the **Primary Target Group (PTG)**.

The goal of the program is to provide ADI communities access to the following training, educational and mentorship resources, with a goal of attracting 25% of attendees (of approximately 10-20 total attendees per session) from the PTG described above:

- Access to **quarterly** training seminars (see seminar content below)
  - PTG participants will acquire or adapt some of the tools and skills necessary to achieve success as either an entrepreneur or employee within the licensed marijuana industry.
  - PTG participants will be empowered to better understand and recognize if, and where, their interest within the licensed marijuana industry lies.
  - PTG participants will have access to guidance and support in the job-seeking process for those looking to gain employment within the industry.

- Provide PTG participants open access to expert, proactive, post-seminar mentorship and counseling, an online resource center providing links and information of use to both PTG entrepreneurs and those seeking employment in the licensed marijuana industry, and access to weekly group and individual conference calls with leading industry consultants and ancillary professionals
- Promote PTG attendee participation in a wide-reaching quarterly survey designed to identify and overcome the obstacles to success in the industry, and thus make a positive impact on others seeking to contribute or participate in the licensed marijuana industry.

## Programs:

The *Green Gateway Positive Impact Program* comprises three main elements:

**One day seminar** - This free, quarterly seminar will be conducted at a suitable venue in the above ADI and is open to 10-20 individuals per session. The goal of these seminars is to directly assist members of the PTG by providing participants with knowledge, resources, tools and guidance to strengthen, promote and empower their successful participation in this industry as an entrepreneur, business owner, or employee.

### Seminar Content:

- Introduction
- A brief history of Marijuana regulation
- Federal Law, State Law, Regulations and Administrative Decisions
- The Cannabis Control Commission
- Developing your vision
- Developing your business plan
- The Application Process - Threading the needle
- Community Resources for Economic Development (Permitting, training, etc.)
- Home-Grown Cannabis regulations
- Employment in the Marijuana Industry
- Open Forum
- Next steps

**Mentorship and Counseling** - Seminar participants will be offered free, **ongoing** access to a web-based, “help-desk” facility that provides access to the knowledge and experience of professional industry consultants with expertise in Business Development, local and state Marijuana Licensing, Federal and State law, and Federal and State accounting. This post-seminar mentorship and counseling facility will assist and guide PTG participants by providing the following:

- Exclusive access to an online resource center that provides links to documents, state and local resources, service providers and articles that will benefit the PTG participant.
- Exclusive access to our “Ask me anything” FAQ page, where PTG participants may post questions and receive answers to Marijuana industry related issues.
- A **weekly** telephone conference that comprises a 60-minute check-in with PTG participants, with a Q&A session, followed by a number of, 30-minute, pre-booked individual calls that allow PTG participants to pose or discuss business sensitive or confidential questions and matters without fear of disclosure.

**Positive Impact Survey** - A goal and measurement of our program progress will be our Positive Impact Survey. All participants in the one-day seminar are required to complete and submit the pre-seminar baseline survey. The goal of the survey is to help identify the “capture” demographics of

attendees. A second, follow-up survey will be completed and submitted at the conclusion of the one-day seminar. This will help identify our core survey group.

The goal of the program is to gather a cadre of core survey participants. This group should comprise those participants whose interest in the marijuana industry and the Green Gateway Program extends beyond the initial seminar. Participants in the core survey, while benefiting from ongoing mentorship and counseling, will through a series of in-depth questionnaires, focus groups and feedback opportunities, provide a wealth of data detailing demographics, backgrounds, challenges and advantages encountered or perceived by seminar attendees and survey participants. The qualitative and quantitative findings of our survey will be published in an annual report and will serve as documentation of the progress and success of our plan. This report will be made available to the CCC, state funding agencies, and local business development organizations. This report will help assess and measure the obstacles and routes to success for PTG participants.

### **Measurements:**

**Program Progress and Success** - The success and impact of this program will be measured through the following means:

- **Attendance** - Attendance will be counted and recorded through both the survey and attendee records. Attendance goals will be achieved if at least 25% of attendees are PTGs from any ADI.
- **Feedback** - All attendees, survey participants, and survey recipients will be asked to complete feedback surveys on the content and delivery of this program. Our feedback goals will be achieved if 75% or more attendees provide feedback and that feedback rating is at least 3.5 out of 5.
- **Sustainability** - One of our benchmarks of success will be sustained participation in our program. We define “sustained participation” as the continued engagement of at least 25% of PTG attendees in our post seminar activities such as mentorship and counseling activities, accessing our online resource center, or participating in our weekly telephone conference during the 3 months following their first seminar
- **Survey Data use** -The success of our survey data efforts may be measured by the circulation of our annual survey data report to at least two state organizations, the governing body of the above ADI, and at least two independent regional workforce development and/or economic development organizations.
- **License Renewal:** A comprehensive annual report that shows the progress or success of this plan will be provided to the CCC prior to annual renewal of the license and each year thereafter, commencing with the date of provisional license.



**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: 001375984

1. The exact name of the limited liability company is: HENNEP CULTIVATION LLC

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

No. and Street: 1330 BOYLSTON SREET  
APT. 202  
 City or Town: BOSTON State: MA Zip: 02215 Country: USA

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

No. and Street: 1330 BOYLSTON SREET  
APT. 202  
 City or Town: BOSTON State: MA Zip: 02215 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:**

THE GENERAL CHARACTER OF THE BUSINESS OF THE LLC SHALL BE SUBMITTING APPLICATIONS WITH ALL APPLICABLE MASSACHUSETTS REGULATORY AUTHORITIES TO OBTAIN A UTHORIZATION, AND UPON APPROVAL BY EACH SUCH AUTHORITY, TO ENGAGE IN THE C ULTIVATION AND SALE OF CANNABIS PRODUCTS, AND ANY OTHER BUSINESS IN WHICH A MASSACHUSETTS LIMITED LIABILITY COMPANY IS AUTHORIZED TO ENGAGE. THE LLC WILL NOT ENGAGE IN ANY ACTIVITY REQUIRING THE APPROVAL AND ENDORSEMENT OF THE CANNABIS CONTROL COMMISSION UNTIL SUCH AUTHORIZATIONS HAVE BEEN RECEIVED.

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

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

Name: ANDREW KOUDIJS  
 No. and Street: 1330 BOYLSTON SREET  
APT. 202  
 City or Town: BOSTON State: MA Zip: 02215 Country: USA

I, ANDREW KOUDIJS 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	ANDREW KOUDIJS	1330 BOYLSTON SREET, APT. 202 BOSTON, MA 02215 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.**

<b>Title</b>	<b>Individual Name</b> First, Middle, Last, Suffix	<b>Address</b> (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
REAL PROPERTY	ANDREW KOUDIJS	1330 BOYLSTON SREET, APT. 202 BOSTON, MA 02215 USA

**9. Additional matters:**

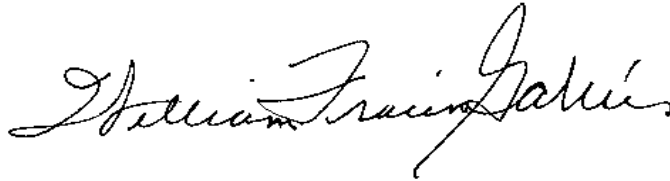
**SIGNED UNDER THE PENALTIES OF PERJURY, this 28 Day of March, 2019,**  
**ANDREW KOUDIJS**

*(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:

March 28, 2019 01:52 PM

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

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*





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

William Francis Galvin  
Secretary of the  
Commonwealth

October 8, 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

**HENNEP CULTIVATION LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **March 28, 2019.**

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:  
**ANDREW KOUDIJS**

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

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



In testimony of which,

I have hereunto affixed the

Great Seal of the Commonwealth

on the date first above written.

*William Francis Galvin*



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

mass.gov/dor

Letter ID: L0998104960  
Notice Date: October 15, 2019  
Case ID: 0-000-709-574



## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



ANDREW KOUDIJS  
HENNEP CULTIVATION LLC  
1330 BOYLSTON ST UNIT 202  
BOSTON MA 02215-5503

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

The Commissioner of Revenue certifies that, as of the date of this certificate, HENNEP CULTIVATION 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

# HENNEP CULTIVATION LLC

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## OPERATING AGREEMENT

A Massachusetts Limited Liability Company

**THIS OPERATING AGREEMENT** of HENNEP CULTIVATION LLC (the “**Company**”) is made effective as of the 22 day of October, 2019 by and between Andrew Koudijs as the initial Manager of the Company (the “**Manager**”), and AKA HOLDINGS LLC as the sole member of the Company (the “**Member**”).

**NOW THEREFORE** the Member, the Manager and the Company agree as follows:

### ARTICLE 1 - DEFINED TERMS

Section 1.1 **Definitions.** In addition to the terms defined elsewhere in this Agreement, the terms defined in this Article shall, for the purposes of this Agreement, have the meanings herein specified.

(a) “**Act**” means the Massachusetts Limited Liability Company Act, as the same may be amended from time to time (M.G.L. c. 156C).

(b) “**Certificate**” means the Certificate of Organization of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company pursuant to the Act.

(c) “**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time, or any corresponding Federal tax statute enacted after the date of this Agreement.

(d) “**Person**” includes any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

(e) “**Profits**” or “**Losses**” means, for each fiscal year, an amount equal to the Company’s taxable income or loss for such fiscal year, determined in accordance with Section 703, 704 and 705 of the Code (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code), with such adjustments as are required by the Code or are deemed necessary or desirable by the Manager.

(f) “**Regulations**” means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

### ARTICLE 2 - FORMATION AND TERM

Section 2.1 **Formation.** The Member has formed the Company as a limited liability company pursuant to the provisions of the Act, and agree that the rights, duties and liabilities of the Member shall be as provided in the Act, except as otherwise provided herein. The Manager shall execute, deliver and file the Certificate and any and all amendments thereto and restatements thereof.

Section 2.2 **Term.** The term of the Company shall commence on the date the Certificate was filed with the Massachusetts Secretary of State’s Office, and shall continue until the Company is dissolved in accordance with the provisions of this Agreement and the Act.

Section 2.3 **Registered Agent and Office.** The Company’s registered agent and office shall be Andrew Koudijs, 1330 Boylston Street, Apt. 202 Boston, MA 02215. At any time, the Manager may

designate another registered agent and/or registered office.

Section 2.4 Principal Place of Business. The principal place of business of the Company shall be located at 1330 Boylston Street, Apt. 202 Boston, MA 02215. At any time, the Manager may change the location of the Company's principal place of business.

Section 2.5 Purpose. The purpose of the Company shall be to submit applications with all applicable Massachusetts authorities to obtain authorization, and upon approval by each such authority, to engage in the cultivation, production manufacturing, transportation, and sale of cannabis products, and any other business in which a Massachusetts limited liability company is authorized to engage. The Company will not engage in any activity requiring the approval and enforcement of the Massachusetts Cannabis Control Commission until such authorizations have been received.

### **ARTICLE 3 - MEMBER**

Section 3.1 Powers of Member. The Member shall have no power with regard to the management of the Company except pursuant to the express terms of this Agreement.

Section 3.2 Distributions. Distributions to the Member shall be made as, if and when the Manager determine(s) that such distributions are appropriate in his/her /their sole discretion.

### **ARTICLE 4 - CAPITAL ACCOUNTS, CONTRIBUTIONS AND ALLOCATIONS**

Section 4.1 Capital Accounts. A Capital Account shall be established and maintained for the Member. The Capital Account of the Member shall be maintained in accordance with Code Section 704(b) and the regulations issued thereunder. The Member has made a Capital Contribution to the Company and shall have initial Capital Account balances equal to the amount of his/her/its Capital Contribution.

Section 4.2 Profits and Losses. Profits and losses shall be allocated in a manner complying with the requirements of Code Sections 704, 705 and 706 and the Treasury Regulations thereunder.

Section 4.3 Member's Interest. The Member has no interest in specific Company property, unless and until distributed to such Member.

Section 4.4 Status of Capital Contributions. The Member shall not be required to lend any funds or make Capital Contributions to the Company or to make any additional Capital Contributions to the Company.

### **ARTICLE 5 - MANAGEMENT**

Section 5.1 Management of the Company. The Company shall be managed exclusively by the Manager. The Manager shall have full, sole and exclusive and complete discretion, right, power, and authority to manage, control and make all decisions affecting the business and affairs of the Company and to do or cause to be done any and all acts, at the expense of the Company on the terms provided herein, deemed by the Manager to be necessary or appropriate to effectuate the business, purposes and objectives of the Company as set forth in this Agreement. The Manager, with the consent of the members, may amend this Agreement. A Manager may resign by giving at least five (5) days written notice to all of the Members. A Manager may be removed by the Member by an instrument in writing.

Section 5.2. Limitation Of Liability. Except to the extent that the Massachusetts General Laws prohibits the elimination or limitation of liability of Managers for breaches of fiduciary duty, no Manager shall be personally liable to the Company or its members for monetary damages for any breach of fiduciary duty as a Manager, officer or agent of the Company, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any Manager for or with respect to any acts or omissions occurring prior to such amendment.

Section 5.3 Indemnification. The Company shall, to the fullest extent permitted by law, indemnify any Manager made, or threatened to be made, a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of being a Manager, officer or agent of the Company or any predecessor entity, provided, however, that the Company shall indemnify any such director or officer in connection with a proceeding initiated by such Manager, officer or agent only if such proceeding was authorized by the Members of the Company.

(a) The indemnification provided for in this Section 5.3 shall: (i) not be deemed exclusive of any other rights to which those indemnified may be entitled under this Agreement or any other agreement or vote of members or disinterested managers or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, (ii) continue as to a person who has ceased to be a Manager, officer or agent of the Company, and (iii) inure to the benefit of the heirs, executors and administrators of a person who has ceased to be a Manager, officer or agent of the Company. The Company's obligation to provide indemnification under this Section 5.3 shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the Company or any other person.

(b) Expenses incurred by a Manager, officer or agent of the Company in defending a civil or criminal action, suit or proceeding by reason of the fact that he or she is or was a Manager, officer or agent of the Company shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Manager, officer or agent of the Company to repay such amount if it shall ultimately be determined that applicable law requires that he or she not be indemnified by the Company. Notwithstanding the foregoing, the Company shall not be required to advance such expenses to a Manager, officer or agent of the Company who is a party to an action, suit or proceeding brought by the Company that alleges willful misappropriation of corporate assets, disclosure of confidential information or any other willful and deliberate breach by such Manager, officer or agent of the Company of his or her duty to the Company or its members.

(c) The foregoing provisions of this Section 5.3 shall be deemed to be a contract between the Company and each Manager, officer or agent who serves in such capacity at any time while this Agreement is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

Section 5.4 Reliance by Third Parties, Apparently Authority. Any person dealing with the Company may rely on a certificate signed by the Manager as to any of the following: (i) the identity of the Members and Manager hereunder; (ii) the existence or nonexistence of any fact or facts which constitute conditions precedent to acts by the Manager or the Members or are in any other manner germane to the affairs of this Company; (iii) whether a specified Person is authorized to execute and deliver any instrument or document of the Company; (iv) the authenticity of any copy of this Agreement and amendments thereto; or (v) any act or failure to act by the Company or as to any other matter whatsoever involving the Company or any Member or Manager.

## **ARTICLE 6 - BOOKS AND RECORDS**

Section 6.1 Books and Records. At all times during the continuance of the Company, the Company shall maintain at its registered office and principal place of business all records and materials the Company is required to maintain at such location under the Act.

## **ARTICLE 7 - DISSOLUTION, LIQUIDATION AND TERMINATION**

Section 7.1 Events Causing Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events: (a) upon the election of the Member; (b) the entry of a decree of judicial dissolution under the Act; or (d) the sale or disposition of all or substantially

all of the property of the Company.

Section 7.2 Liquidation. Upon dissolution of the Company, the Manager shall carry out the winding up of the Company and shall immediately commence to wind up the Company's affairs; provided, however, that a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the satisfaction of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Company shall terminate when all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, have been distributed to the Members in the manner provided for in this Article and the Certificate has been cancelled in the manner required by the Act.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement to be effective as of the date first above written.

**SOLE MEMBER:**  
**AKA HOLDINGS LLC**

By: Andrew Koudijs  
Name: Andrew Koudijs  
Title: Manager  
For: AKA HOLDINGS LLC

**MANAGER:**

By: Andrew Koudijs  
Name: Andrew Koudijs  
Title: Manager

# **BUSINESS PLAN - HENNEP CULTIVATION LLC**

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  - 2.3 Company Location and Facilities
  - 2.4 Product Testing
  - 2.5 Legal Counsel
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# 1. Executive Summary

## SNAPSHOT: Hennep Cultivation LLC

### Business Overview

- Massachusetts-based greenhouse cannabis cultivator, processor, and retailer.
- Wholesaling flower (buds), cannabis extract products, and edibles in Massachusetts.
- Processed cannabis products sold under “Hennep” brand.
- Offering recreational cannabis strains for adult-use.
- Capitalizing on booming legalized marijuana market in Massachusetts.
- Targeting independent and chain retail stores across Massachusetts.
- Offering both organic soil connoisseur & hydroponic grades of cannabis.
- Experienced management and advisory team with industry connections,
- Will secure five acres in MA; will build out a 50,000 sq ft greenhouse and 16,000 sq ft processing and retail facility. Will secure two additional strategically-located retail stores.
- Will secure multiple state licenses.

### Financial Projections

- Revenues are projected to be \$31.8 million with operating income of \$25.9 million in year 2, growing in year 5 to \$33.7 million in revenue with operating income of \$26.4 million.
- Gross margin over 91% across years 2 to 5.

### Sources and Uses

- Company will require approximately \$15 million in financing
- Financing will be used to fund capital costs, startup expenses, and 1 year of working capital requirements.

**Overview:** *Hennep* is a Massachusetts-registered Limited Liability Corporation, established to achieve the legalized cultivation, processing, manufacture, and retail sale of high-quality marijuana plants and products. The main facility will consist of a 50,000 sq ft greenhouse divided into propagation and vegetation and flowering zones, an extraction room, manufacturing, packaging, administration spaces, and a retail store (expanding to a second retail location in year two). This state-of-the-art facility will include advanced, environmentally-focused, and cost-effective technologies using natural light and supplemental lighting for the perfect balance of economy and efficiency. Our fully-computerized system will allow remote, real-time access to all control and diagnostic systems in the facility. The production

output will provide our retail facilities and wholesale customers with high-quality flower, cannabis extract-based edible products, and bulk extract.

**Products/Services:** *Hennep* will cultivate, process, and offer a variety of high quality, well-known and proprietary marijuana strains that appeal to both regular, occasional, and new consumers of marijuana using environmentally-focused production practices and proven genetics that provide a balance between the highest yields and the greatest value to customers. The facility, in its proposed configuration, will yield approximately 950 lbs of top quality pure flower and a further 475 lbs of popcorn buds and trim each month (11,000 lbs of bud and 5,500 lbs of pop- corn bud and trim per year). It is intended that about 50% of flower production will be sold retail and the remaining 50% of flower will be sold wholesale. Waste trim and popcorn buds will be combined for production of cannabis extract, the active THC ingredient in our edible, topical, and bulk extract products. These products will be sold through our retail store and to other licensed manufacturers and retailers.

**Market:** With the passing of new legislation, legalized marijuana is the fastest growing US Industry. According to ArcView Market Research, the US national legal marijuana market value is now assessed at \$6.7 billion, comprising all states that have active and open sales of marijuana to people legally allowed to possess it under state law. The national market is projected to grow from current levels to \$24.1 billion by 2025 according to New Frontier Data's 2017 Executive Summary. The opening and legalization of the Massachusetts adult-use marijuana market are sure to see a great many players of all sizes looking to claim their share of the market. The initial phases of this liberalization will likely witness much innovation, novelty, and social exploration. Certain constants will prevail, however. It is likely that a great many retailers will successfully apply for licenses and that these retailers will naturally need products to sell. The initial "novelty-factor" of legalized marijuana will (if legalization in other states is anything to go by) likely lead to an initial surge in sales leading to shortages of supply, followed by a modest downward trend towards stabilization in sales on the market as a whole.

*Hennep* benefits from being rapidly able to offer a range of mature and thoroughly market-tested products, developed through many years of active production and sales. For many users, the world of marijuana focuses largely on eating and smoking, the cornerstones of our product range. We intend to achieve a satisfactory market share in this area by focusing on pure flower, high-grade extracts, kief, rosin, vape pens and the ever popular edibles. We intend to build and gain market share by appealing to a broad spectrum of customer groups and demographics.

*Hennep* will engage in numerous public relations and marketing strategies. These will include engagement and support of local community activities as well as consultative participation in marijuana educational seminars through our licensed marijuana retail outlet. The executive team's extensive background in the hospitality industry will create new, unique retail branding. These services are intended to build market awareness of the *Hennep* brand, highlight the quality of our products, and implement community objectives encouraged by state regulators.

**Competition:** The Massachusetts adult-use marijuana industry is still in the emerging stages of market growth. *Hennep* undoubtedly will see competition from many cultivators, manufacturers and retailers. It is evident that medical marijuana growers, confronted by the projected decline of the medical niche in

favor of the recreational market, will rapidly make their product available to retailers or open recreational retail stores of their own. That being said, not all cultivators, manufacturers or retailers are created equal. A great many cultivators are planning use indoor growing techniques that consume large quantities of electricity. While these methods are entirely viable, they are likely to create significantly higher overheads. Similarly, outdoor cultivators use large-scale cultivation techniques that focus on quantity rather than quality. *Hennep*'s competitive advantage over such players is that our hybrid greenhouse technology, our cultivation, curing process, and mindful approach, together with enhanced energy efficient technologies, superior quality, advanced extraction techniques, lower overheads and readily scalable production volume will allow us to successfully carve out an appropriate market share and aggressively establish brand recognition.

**Risk/Opportunity:** The most significant risk associated with our business model is timing. The early movers offering consistent quality and availability will have a distinct advantage and strong position within the local and regional market. We have worked hard to mitigate this risk through a program of pre-launch development that has allowed us to fine-tune and perfect our four generations of propagation, cultivation and extraction experience in a scalable manner. Rapid product launch will lead to the realization of a product offering that not only caters to immediate market needs, but that preemptively embraces the projected demands of the market. Implementing our strategy in a timely manner will put *Hennep* in the best position to succeed.

**Price/Profitability Projections:** It's important to note a few keys to this plan and how projections have been calculated. Our yields are conservatively based on known standards in the industry which this plan has rounded down by approximately 10-20%. For example, we have calculated a yield of 1lb of dried flower per 18 Sq. ft of space in the flowering sections of the greenhouse. We know, based on experience, that we can produce closer to 1lb per 12-14 Sq. ft., however. We have chosen to adopt a conservative approach to yield estimation as a form of contingency. Similarly, we intend to use a portion of our concentrate to make edibles. Concentrate used in this manner will create a product that offers a 2-3 times greater profit margin than sales of concentrate alone. It is both challenging and speculative to estimate the likely sales of edibles at this stage. Therefore, for the purposes of this business plan, we have chosen to demonstrate projections based on sales of concentrate alone rather than sales of edibles. This, again, allows us to demonstrate a conservative default position as a form of contingency.

Sales price points have been estimated following a study of the sales patterns and trends in the states of Colorado, California, Washington, and Oregon. Since these states have a longer cannabis sales history than Massachusetts, their pricing trends over the past 2-3 years are useful and relevant to our projections. We have also considered current black-market pricing in Massachusetts along with the Cannabis Benchmark.

- We have calculated our prices on sales per lb, whereas, in reality, we will be selling in increments of 1/8 oz, ¼ oz, and ½ oz primarily. The margins on these smaller packaging units is much stronger and will likely strengthen our margin by 20% more than the price per lb we have used in our proforma projections.

- Our flagship growing methods will rely on a large proportion of organic sourced elements in our cultivation soil. Top quality product grown in this manner will sustain a higher price point, will be marketed as *Hennep's* Premium Soil line and will serve as the benchmark for the Hennep brand and. At the same time, we will produce a high quality hydroponic line to create a mid-market marijuana offering high quality and excellent cost-effectiveness.
- Pricing has made allowances for possible over-supply and the potential for a subsequent price drop in year three. We leave this in place as a contingency.

**Management:** *Hennep* offers a management team that brings a wealth of experience in marijuana cultivation, start-up development, technology, operations management, marketing and sales.

**Operations:** *Hennep's* activities will be based at 8 Scobee Circle in the IG district of Plymouth, MA. The proposed structure will comprise both the main greenhouse, processing, manufacturing, administration, and retail facilities. The five-acre plot allows ample room for future expansion. This location is conveniently placed to serve surrounding towns. It is a quick stop on the way to Cape Cod which has enormous commuter traffic on weekends and during the summer season. Most of Cape Cod has banned retail cannabis and this will be a popular demand-stop for travelers headed that way. In addition, *Hennep* is in late-stage negotiations for two strategically-located retail stores that will help secure its rapid development and growth.

**Capital Requirements:** The capital requirements for *Hennep* to execute this business plan are approximately **\$13,223,000** plus working capital of a further **\$1,777,000** for the first year of operations.

The Company will allocate the invested capital to the following:

Construction and greenhouse acquisition	9,865,000
Equipment – Cultivation, extraction, and manufacturing.	698,000
Fit-out and finishing	275,000
Acquisition and fit-out of retail store #2	935,000
Acquisition and fit-out of retail store #3	700,000
Working Capital	1,777,000
Brokers Commission	750,000
<b>TOTAL</b>	<b>\$15,000,000</b>

**Financial Snapshot:**

Consolidated Financials					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total revenue	<b>2,128,700</b>	<b>31,829,10</b>	<b>31,485,125</b>	<b>31,627,798</b>	<b>33,785,694</b>
Total deductible expenses	717,908	3,175,171	3,465,782	3,630,134	3,802,700
Total non-deductible expenses	1,374,759	3,283,454	3,929,167	4,079,323	4,236,408
Income Tax @30%	423,238	8,596,101	7,759,103	8,399,299	8,994,898
<b>Estimated net income</b>	<b>-\$27,828</b>	<b>\$15,085,076</b>	<b>\$14,696,246</b>	<b>\$13,908,172</b>	<b>\$15,115,032</b>

**Keys to Success:**

- Secure Capex and Opex Investment
- Acquire property
- Secure state and city licensing
- Construct cultivation, extraction, manufacturing and retail facilities
- Commence cultivation, extraction, manufacturing and retails sales processes
- Community outreach, training, and engagement
- Effective management of funding and working capital
- Reinvestment into new technology and continued expansion to maintain competitive edge and market share.

# 2. Project Overview

## 2.1 Introduction

*Hennep* will profitably cultivate, extract, manufacture, and sell a range of expertly cultivated, high-quality marijuana products. *Hennep* will apply advanced horticulture production methodologies in a manner that allows for year-round production and superior yields. We will use commercial scale laboratory techniques to extract food-grade cannabis extract from much of the resulting plant growth. This cannabis extract will form the active ingredient in our topical and edible products. Excess cannabis extract may be used for additional cartridges or sold as bulk extract to retail and wholesale customers as the key ingredient in other marijuana-based products.

100% of the harvested top-grade flower will be dried and cured for sales as pure flower product.

Our cannabis extraction methods carefully avoid the toxic nature of some techniques by employing a non-hydrocarbon, clean extraction process. Production output will be sold retail directly to the end-user and wholesale to other licensed retail outlets and manufacturers. The proposed production facility is readily scalable by modest reinvestment towards the end of year two, as ample space exists within the chosen facility location to accomplish a rapid and cost-effective expansion of cultivation operations. The project is budgeted to cost approximately \$15 million including working capital for the first year.

## 2.2 Company Ownership

Andrew Koudijs is the sole owner of Hennep Cultivation LLC.

### Cultivation

*Hennep* will create an indoor greenhouse cultivation facility with up to 50,000 sq/ft of growing space. This space will be subdivided to allow for zones for propagation, cloning, vegetative and flower growth.

### Extraction Room

This space will be constructed, fitted and equipped to facilitate the optimal and superior extraction of cannabis extract from the cultivated popcorn bud, trim, and plant waste. The extraction room will provide the capacity, state-of-the-art systems, and equipment for the maceration, processing and subsequent extraction of the cannabis extract from the cultivated flower and trim of the plant. Our environmentally-friendly process offers superior yields of food-grade cannabis extract while maintaining the distinctive flavor profiles that define our high-quality strains.

## **Manufacturing Room**

This space will be fitted and equipped to accommodate a commercial kitchen, sorting, and precision, high-speed packaging equipment,

## **Head Office**

The administrative and operations center of the facility will be housed in purpose-built office space attached to the main greenhouse and processing facility.

## **2.4 Product Testing**

ProVerde Laboratories, Inc. (PVL) in Medford, MA, will fulfill all laboratory testing requirements for the Company as per state regulations. ProVerde associates also have experience with the logistical planning and build-out of production space, combining functional design with required production infrastructure, including electrical, ventilation, plumbing and specialty gases required for processing equipment.

PVL can advise on:

- Production Facility design
- Strain selection and blending of strains to meet desired composition of material for production
- Development of delivery systems consistent with the regulations
- Develop a variety of dosing levels for the selected product line
- Develop a staffing plan for the lab and production
- Providing quality control supervision for products being developed and produced in the facility

# 3. Greenhouse Cultivation

## **Energy and Labor Savings**

Advanced greenhouses allow for the control of the light cycles needed to cultivate cannabis. These greenhouses go far beyond just keeping the plants in a warm climate. Other manipulation tools include supplemental lighting, climate control equipment (complete HVAC systems), and the ability to block out or supplement natural light to control the light cycle. This results in substantial energy savings while the quality of the product stays consistent. Many crops that require specific environments are already produced in greenhouses, including tomatoes, leafy greens, and peppers. As cannabis legalization spreads, farmers are finding it safe and financially beneficial to move from warehouses to greenhouses as the industry develops.

## **Odor Control, Noise Reduction, and Public Nuisance Reduction Measures**

Utilizing carbon scrubbers and mechanized air filtration systems, the greenhouse and processing centers will maintain clean, odor-free air 24 hours a day, seven days a week. Any noise from machines, generators, HVAC and filtration systems will be mitigated by muffler and dampening systems which reduce ambient noise. The Company will follow all state regulations for noise, odor, and nuisance control.

## **Computer Controlled Fertigation (water and fertilizer)**

- Ebb and Flood system with a capacity of 12 m<sup>3</sup>/hour
- Measuring by central computer for both EC and Ph Control.
- 2,200 liters capacity (2 in total).



# 4. Products

## 4.1 Product Description

As marijuana emerges from the shadow of prohibition it reveals itself to be a widely popular drug in the U.S., currently second only to alcohol and nicotine. The facility will grow a spectrum of Indica, Sativa, and hybrid cultivars to serve market demand. The strains we have selected are prized genetics, many of which were developed over four generations of consistent growing in the New England climate. These genetics have become sought after at legal and medical marijuana dispensaries nationwide. Our master grower has carefully selected only the superior current and future stars of the marijuana constellation.

*Hennep* will offer the following products for sale to our retail and wholesale customers:

- **Flower** - The curing process is a critical determinant of the final quality of marijuana. While all cultivators and manufacturers understand the importance of the process, most accept sacrificing high quality for speed and convenience of production. At the same time, while some manufacturers do take the time to produce a beautifully cured product, their offerings are often defeated by woefully inadequate dispensing methods that see the product deteriorating rapidly pre-sale. We address this problem by hand-selecting flower buds, curing them correctly, and creating standardized weight portions that allow retailers to offer them directly to consumers in sealed packages that preserve freshness, quality, and flavor.
- **THC-Infused Edibles** – Cannabis edibles are preferred by some consumers because ingesting cannabinoids through the GI tract provides a different and often more therapeutic effect than inhaling. *Hennep* will offer a range of attractive, appetizing, and appealing, adult-use focused edible products. Our product range is limited only by our imaginations. The in-house, commercial kitchen will allow for ongoing product development.
- **Topicals** – These are external applications of cannabis that can be used to treat body pain or skin conditions. Topicals are infused with THC, and other cannabinoid extracts. Topicals include lotions, creams, balms, and oils. As they are non-psychoactive, topicals are often chosen by individuals who need the therapeutic benefits of marijuana without the cerebral euphoria associated with other delivery methods.

- **Other Products** – While our core products will be those listed above, *Hennep* fully intends to develop a number of cutting-edge products and will carefully study the opportunities offered for the profitable resale of exceptional products offered by other manufacturers. *Hennep* will also experiment with modern strain-specific capsules.
- **Contingency Product Profiles** – The above products have been chosen due to the value that they add to the primary product and the subsequent additional revenues that this added value drives. It is important to note that both the pure flower (or bud) and the cannabis extract are essential market commodities in their own right, providing us with the added assurance that, should the need arise, either or both of these products may be readily sold “as-is.” This underscores *Hennep’s* robust revenue strategy, allowing us to remain agile and dynamic as the market evolves. The team also has experience in producing in-demand, premium food crops for existing wholesale market connections such as basil, edible flowers, and specialty lettuce.

# 5. The Market

## 5.1 Market Overview

Currently, 29 states in America and the District of Columbia have legalized marijuana use in some form (medical or recreational). The majority of these states have allowed sales for medical use and nine states, including Massachusetts, have legalized recreational or adult-use. Since 60% of the population resides in states that have legalized the use of marijuana for medical use, recreational use, or both, this indicates immense possibilities for the future growth of the industry.

Combined medical and recreational sales are projected, according to New Frontier Data, to exceed \$8 billion in 2017 and \$11 billion in 2018. Further growth is projected with recreational marijuana alone answering for \$7.4 billion annually by 2020, making marijuana the fastest growing industry in the US.

## 5.2 Target Market

On November 8, 2016, Massachusetts voters approved the adult recreational use of marijuana. In 2017, an eight-person Cannabis Control Commission (CCC) was appointed by the Massachusetts state government to write the draft regulations for the law. The final regulations were released in April 2018, and outline the requirements for cultivation, production, security, transport, and retail sale of marijuana to consumers over 21 years of age. The CCC is now accepting applications for LMEs.

With 39 cities, 312 towns, and 14 counties, the local municipalities of Massachusetts have been granted the authority to govern their own recreational marijuana industry which will inevitably result in varying local by-laws on the production, manufacturing, and sale of the plant across the state. Plymouth is ideally located to cater to the southern suburbs of Boston and the high traffic volume headed towards the Cape, as well as marijuana tourists from Rhode Island, Connecticut, and beyond.

The advent of medical marijuana legalization in 2012 has helped produce market conditions that have created a more educated and sophisticated product consumer. It is natural, therefore, that the emerging adult-use market will lead consumers to have high expectations for the quality of the products they consume. The state's medical market is still in its infancy with 19 medical dispensaries operating to date and over 180 applications pending review and approval to fill the original 35 spots allotted (one for each county).

*Hennep's* high-end production and processing facility will supply quality products through our licensed retail stores while building a brand that represents a culture of sophistication, quality, respect for the plant, and respect for the customer's interaction with cannabis. This will create a platform from which *Hennep* will rapidly expand to increase output, develop other products and exploit future retail and wholesale sales opportunities. The development of new exciting concepts of cannabis retail will be a

huge advantage with the skill-set of the executive team. Our background in creating and operating restaurants and bars will play a big part in the growth of the company.

# 6. Competition

## 6.1 Competitive Landscape

Companies in the marijuana industry typically compete on product type, quality, volume, and reliability. As a result of the maturity of a once illicit market, price competition, while an important factor, has widely recognized norms and expectations. These conditions may superficially appear to make competing on the price a somewhat lower expectation. Nonetheless, the sheer volume of potential cultivators makes price competition a genuine possibility. We will counter this with a robust pricing strategy that ensures the Cost of Goods Sold is carefully balanced against a potentially variable sales price providing revenue stability and continued profitability.

*Hennep* will produce a variety of high-quality strains and unique product profiles in a quantity and frequency that will allow us to carve a significant niche in the promising pure flower and THC edible markets. The major players in the market may be expected to exert some form of price pressure. However, their growing and production techniques are geared towards a mass-market product that many consumers feel does not preserve the integrity of sophisticated cannabis use and can strip essential flavors and benefits from the product. *Hennep* will therefore counter this pressure with the outstanding quality of our flower and THC-infused products.

## 6.2 Direct Competition

The direct competition for *Hennep* will come, unsurprisingly, from cultivators, manufacturers and/or retailers that grow, produce or sell similar products with the same (or higher) quality and volume. The exact nature of such competition is difficult to quantify as the state of Massachusetts is in the very early stages of issuing adult-use marijuana licenses. At the same time, many towns in Massachusetts have implemented outright bans on the cultivation and sale of marijuana, or have introduced moratoria to keep the cannabis industry at arms length and allow themselves greater time to adopt appropriate bylaws. Some towns have tied the number of retail stores that they will allow to the number of liquor licenses issued within their municipality. Typically, such towns have chosen to issue one marijuana retail license for every five current liquor licenses. These actions and criteria serve to limit competition and reduce the number of available locations.

## 6.3 Competitive Advantages

- A well-rounded executive team with extensive business experience
- An energy-efficient greenhouse grow using a large proportion of natural light
- Sufficient volume to become a market force
- Premium product quality

- Mindful cultivation practices developed in the local climate
- Competitive pricing
- Year-round growth
- Timing of entry into the marketplace
- High-level hospitality branding experience and techniques applied to this industry
- A Facility design that allows for rapid expansion and scaling

## 7. Strategy and Execution

### 7.1 Summary

*Henep* will be recognized as a marijuana brand that offers a range of distinctive products representing excellence, quality, sophistication, mindful production practices, and community values that thoughtfully represent customer needs and shared ideals. *Henep* will carve a significant niche among competitors using cultivation, extraction, sales, marketing and presentation methods that reflect a deeper understanding of the context for adult-use marijuana. We will navigate the legislative challenges facing advertising through innovative programs that combine community engagement, community outreach, direct advertising and strategic partnerships. *Henep* will efficiently direct our marketing efforts at local, regional, and visiting retail customers while maintaining a watchful eye on the growth potential offered by a future national market.

### 7.2 Marketing Strategy

**Value Proposition** – *Henep* will produce exceptional flower and THC-infused products offering customers the convenience and pleasure of a premium marijuana experience. Our high-quality marijuana products will be created using careful cultivation, processing and extraction methods that demonstrate respect for the needs and nature of the cannabis plant. *Henep* product users will, through the purchase of our products, signal their appreciation for a sophisticated, flavorful product, made by a mindful, community-supportive company with deep local roots through four generations.

The customer will recognize *Henep* as a mindfully-produced, environmentally-friendly brand that offers an entirely natural product free from contaminants; where quality, consistency, and an appreciation of the recreational and healthful benefits of marijuana are held in high esteem.

*Hennep* customers, together with *Hennep*, will take an active role in supporting events and activities that matter to the community on a local or national level; and together, will take part in those endeavors through the various means outlined in the *customer engagement*, *direct advertising*, and *educational activities* sections below.

**Product Differentiation** - The biggest players in the market use cultivation and extraction techniques that often require the use of chemicals such as butane or methods that tend to strip the integrity and flavor of the marijuana plant, leaving a discernible aftertaste. While this approach aids product consistency and simplifies processing, it inevitably compromises the end product. These methods often result in marijuana products that seem lifeless and lack complexity with regards to both flavor and healthful attributes. In short, a product that is fine for a quick high, but which is sorely lacking for the more discerning or sophisticated demographic.

*Hennep's* approach allows us to respect and nurture the fundamental needs of the marijuana plant in a manner that ensures that we maintain and amplify its natural characteristics, preserving the flavor, complexity, and healthful benefits for which it is valued and appreciated. We achieve this using methods that allow us to compete favorably with industrial cultivation techniques while producing a superior product using processes that offer excellent energy efficiency and minimal environmental impact when compared to other approaches.

**Price point** - While price is rarely the most important factor affecting buying behavior, it should strive to achieve parity with the customer's perceived value of the product. All pricing will ultimately be determined by economic and marketplace conditions, not least those presented by competitors and their pricing models. Nonetheless, marijuana products enjoy – in no small degree – the benefits of commodity values. Most vendors have a good idea of the fair market price for marijuana products as do the majority of current consumers. Our target market users will seek out or be attracted to a product that offers quality and value. The financial projections take into account a potential price drop in year 3.

**Promotion** - The *Hennep* Brand and products will be promoted through the following means:

**Branding through product appearance and packaging** – *Hennep* products will be attractively presented in a manner that demonstrates the high-quality marijuana experience for which they stand. Our pure flower and THC-infused product packaging will boast design attributes that make them unique, distinctive, and distinguishable from afar.

*Hennep's* core flower product will comprise the standard eighth, quarter, and half ounce sizes, carefully pre-packaged to preserve quality and freshness. This will avoid the tendency of bud tenders to break large buds or colas into smaller buds which dry out and blend in with inferior product before resale.

**Direct marketing through our retail outlets** – While the main thrust of our marketing efforts will aim at building a brand relationship with end-users, our route to market through our retail outlets requires that our marketing and sales efforts work hand in hand. We will endeavor to

engage our client-base personally with marketing collateral such as product information leaflets, advertising posters, product displays, and community campaign literature to support our retail sales efforts. We will establish marketing partnerships through workshops, presentations, and mutually beneficial training seminars that further strengthen our brand.

**State, regional, and locally focused advertising and advertorials** – The Massachusetts regulations regarding marijuana advertisements through print advertising, online advertising, sponsorship and more present many challenges. These challenges are further exacerbated by the unwillingness of players like Facebook and Google to allow paid, marijuana-related advertisements across their medium. Federal laws that currently prohibit the sale of marijuana products across state lines largely negate the need for brand-building beyond adjoining state borders in the short term. As the principal market for our immediate future lies within the state of Massachusetts and surrounding states, this is where the main thrust of the advertising opportunities lie. While there are numerous national marijuana advertising platforms – often pay-per-click models – these can be costly and are most likely to reach those who are already fully embedded in the marijuana culture rather than the more significant part of our general target market.

*Hennep* will navigate the above-mentioned state advertising regulations by a policy of indirect advertising; leveraging our educational and community outreach programs to build brand awareness, through advertorials and carefully "sanitized" brand message advertisements aimed exclusively at the Massachusetts market, and direct advertising through our customer database as this grows via promotional activities.

**Customer engagement through community support activities** – *Hennep* embraces community outreach, engagement, and support as a central tenet of our brand ethos. We aim to support activities, events, and organizations that benefit the local community and the causes our client-base support. Through packaging, marketing collateral and advertisements, current and prospective customers will be invited to visit our website and share in our support. These efforts will demonstrate *Hennep* customers' values to the local community while reinforcing the *Hennep* brand.

**Direct advertising** – The most straightforward and unfettered means of advertising to current and prospective customers is through direct advertising in the form of e-mail, electronic newsletters, social media and the like. Using branded marketing collateral available at our retail outlet, in product packages, on websites, and social media, current and prospective customers will be invited to participate in our program of community campaigns and events. A condition of voting in our community fund campaign or participation in our educational programs will be to share e-mail or social media contact details. This data will allow us to rapidly build our marketing database and enable us – in a manner that satisfies legislative constraints - to direct advertising and promotions at a target audience that is of legal age to consume, is pre-disposed to marijuana consumption and is likely to share our community support aspirations and values.



**Trade shows, conferences, and events** – The vast majority of trade shows, conferences, and seminars embrace the marijuana industry as though it were a national rather than state industry. We believe that the current status of federal legislation offers insufficient benefits for Massachusetts-based marijuana establishments to justify significant investment in such events. *Hennep*'s participation in these kinds of gatherings will be limited to a few carefully selected events that offer relevant state opportunities to promote our brand, strengthen sales, network, provide legislative and industry information, and which relate in greater part to the industry in Massachusetts and surrounding states.

**Educational activities** – Massachusetts state regulations encourage all licensed marijuana establishments to provide relevant educational opportunities for their local communities.

*Hennep* has created a comprehensive series of courses and lectures and will leverage the legitimate advertising and promotion of these courses to strengthen and enhance our brand and its underlying ethos. Participation in these classes will require online enrollment, providing additional opportunities to gather direct advertising data. The courses include:

- Cannabis 101 – An introduction to the complex world of marijuana.
- Cultivation 101 – A framework for homegrown marijuana.
- Advanced Cultivation – An introduction to commercial growing.
- Extraction Basics – How to produce THC extract at home.
- The Marijuana Industry – An introduction to starting your own business.

**Community informational activities** – The *Hennep* team will engage in lectures, seminars, and presentations in support of promotional exercises at our retail outlet and community events. These activities may include educational activities, allowing *Hennep* to partner in activities that help us qualify for the *Leadership Ratings Program*. Such events will be used to promote *Hennep* products and the *Hennep* brand.

**Customer Service Excellence** - *Hennep* must engage their customers with superlative customer service. It is essential that each member of staff knows our products well, can speak to our brand ethos, and understands customer needs and expectations. The entire *Hennep* team must strive to act as individual brand ambassadors at all times.

**Sales and Marketing Relationship** - As a retail vendor of marijuana products *Hennep* is compelled to approach the sales and marketing challenge with firm intent. We must strive to successfully engage our target market groups in a manner that facilitates sales by creating the desire to purchase among the end-user audience. Retail customers will learn about our product range and will be enticed to select our product above others through the activities mentioned above. Our marketing strategy will allow retail customers to view *Hennep* as a thoughtful, reliable and knowledgeable product supplier offering a branded product with which its customers can readily identify. At the same time, end-users will view *Hennep* as a responsible, mindful producer of high-quality marijuana products that meet their

consumption needs in a manner that also satisfies their ethical, environmental, health, and recreational aspirations.

### **Marketing Objectives**

1. Persuade our retail and wholesale customers that our brand and products represent qualities and features that they desire.
2. Persuade end-users that our brand and products fit well with their consumption patterns, lifestyle, and ethical self-image.
3. Engage end-user customers in our community supportive marketing efforts.
4. Satisfy and exceed supply and customer service expectations of retail customers.

**Target Market** - The broad thrust of the Massachusetts marijuana market will aim to serve men in the 21-40 years age group primarily. While this is a market we fully intend to exploit, anecdotal evidence suggests that the real growth market lies elsewhere. *Hennep* aims to direct its products, marketing, and branding at three additional groups that we see as the emerging market;

**Consumers over 40 years old** – Those over 40 years old are statistically the highest earners in the household. They are more likely to have mature, sophisticated tastes, more aches and pains, a greater appreciation for high-quality products, and a willingness to pay for this higher quality.

**Adult female consumers** – With a tendency for the industry to aim marketing at men in the 21-40 years age group, women struggle to find products with which they can readily identify. Our products will be presented and packaged in a manner that women will find attractive, and that will demonstrate that marijuana is a product for them rather than a male-dominated culture to which they must adapt.

**Independent medical consumers** – While medical marijuana dispensaries will undoubtedly continue to thrive in one form or another, many current medical marijuana patients are merely regular consumers leveraging medical marijuana as a means to legitimize their purchase and use of marijuana recreationally. The advent of retail outlets will effectively eliminate the need for such patients to visit dispensaries to fulfill their marijuana needs. Genuine medical consumers with a good understanding of which form of marijuana offers them the benefits that they seek and new medical consumers who prefer to explore the benefits of marijuana through anecdotal advice or recommendations, will possibly do so through retail outlets rather than medical dispensaries.

**Market Channels** - Retail sales of marijuana are strictly limited to licensed retail outlets and, in the future, marijuana cafes and smoke clubs. The location, presence, and licensing status of these establishments will be publicly available through a single online source. Regulations effectively preclude opportunities for online purchases as the transportation of marijuana products is strictly regulated. Similarly, home delivery licenses are not yet permitted. *Hennep* will sell its products through our licensed retail marijuana establishment and wholesale to manufacturers and other retail outlets.

### **7.3 Sales Strategy**

#### **Target Sales Market**

As a vertical cultivation and manufacturing operation, our primary target sales market must be the current and potential retailers serving adult cannabis users. It is challenging to make an exact prediction of the number of future retail outlets. We can make sensible estimates, however. There are currently 19 medical marijuana outlets in the state, most of which will likely make a rapid transition to selling recreational marijuana or supplying marijuana to retail outlets. Based on the fact that there are some 200 marijuana dispensaries awaiting licensure through the Department of Public Health, and that some of these will likely opt to apply for recreational retail licenses, it is estimated that by the end of year one 100 recreational marijuana retail outlets will have received licenses, with a further 150 outlets opening by the conclusion of year three. Naturally, these will be spread throughout the cities and towns of the state that have not chosen to prohibit cannabis or have not imposed a moratorium.

### **7.4 Implementation Strategy**

#### **Capex/Opex capital**

The license application process requires that applicants demonstrate and document that the capital funds required to execute their business plan successfully are available (in escrow, initially), and have been obtained from legitimate sources. The *Hennep* business plan demonstrates a need for \$13,223,000 in capital expenditure for space preparation, fit-out, systems, and equipment, and a further \$1,777,000 to meet operational expenditure needs and a strategic reserve during the first twelve months of operation. These funds must be raised and secured in escrow before proceeding to the License Application phase.

#### **License Application**

The process for license application is divided into three "packets." These packets may be submitted simultaneously or sequentially. Each packet must be approved before the next will be considered. However, all packages must be submitted before any review commences. All three packages must be fully approved before a provisional license will be granted. Once a provisional license has been granted the state will verify the approval of the relevant municipality. Subsequently, the state will perform specific inspections before issuing a full license. No cultivation or manufacture may begin before a full license has been granted.

#### **Construction, Fit-out, and Systems Acquisition**

*Hennep* facilities and equipment will be constructed, installed and commissioned under the supervision of the greenhouse system vendor. The "breaking ground" to "ribbon-cutting" timeline is estimated to be 4 months. Order and acquisition of the greenhouse system must be done as early in the process as possible to mitigate potential lead-time conflicts. The two additional retail locations will be suitably fitted and equipped by local contractors.

## **Operations organization, Policies, and Inspection**

The state of Massachusetts imposes substantial demands regarding systems and administration for marijuana establishment operators. State law provides powers to impose fines for violations of these regulations. Accordingly, it is essential that we ensure that our systems, policies, and administrative routines are robust, compliant and efficient before any state inspection and the subsequent commencement of operations.

## **First Seed and First Sales**

Once the above steps have been taken propagation of our first batch of marijuana may begin. Initial crops will use selected “auto-flower” strains with shorter growing times that will allow us to rapidly harvest and generate revenue. Once harvested, the plants will be divided into flower, popcorn bud, and trim. All of the flower will be trimmed, dried, and cured for use in our pure flower product, while the popcorn bud and trim will be macerated and used in the extraction process for our THC-infused products. Finished products will be packaged and prepared for delivery to our retail outlets or to be sold wholesale to other vendors in “shelf-ready” packaging.

# 8. Staffing

The proper management of all aspects of the proposed project is crucial to the success of *Hennep*. We have brought together a compact, highly-qualified team that offers the experience and knowledge to achieve our goals in a timely, efficient, and professional fashion.

## 8.1 Personnel plan

Despite the management staff providing the essential knowledge and experience, marijuana cultivation is still relatively labor-intensive. When estimating the number of additional staff certain unknowns have been preemptively accounted for, including taking into account staffing needs against the background of everyday life. We have accordingly made allowances for sickness, personal days, vacations, and the like.

The following positions will be filled to fulfill needs at full operation. The hiring schedule will be timed to meet production needs and is expected to roll out in accordance with the headcount table below:

# 9. Financials

## 9.1 Financial Assumptions

The appended proforma financial statements are based upon the following financial assumptions:

For the purposes of this business plan market values have been conservatively estimated to follow the trajectory outlined in the table below. We have chosen to utilize very conservative prices in order to clearly demonstrate the robustness of our potential revenues.

Item	Year One	Year Two	Year Three	Year Four	Year Five
Retail Flower lb	\$2,400	\$2,400	\$2,000	\$2,000	\$2,100
Retail Extract oz	\$1,200	\$1,200	\$900	\$900	\$1,000
Wholesale Flower lb	\$1,200	\$1,200	\$900	\$900	\$1,000
Wholesale Extract oz	\$400	\$400	\$400	\$400	\$500

General costs are estimated to increase 5%, year-on-year.

Salaries are estimated to increase 5% year-on-year.

Main loan \$15,000,000 @ 5% over 15 years.

# CANNABIS INSURANCE PROGRAM

## COVERAGE PROPOSAL

Please find your approved quote per your submission. If you have any questions, please contact your underwriter.



- |                     |                               |
|---------------------|-------------------------------|
| <b>Section I:</b>   | Premium Summary               |
| <b>Section II:</b>  | Location & Operations Summary |
| <b>Section III:</b> | Coverage Summary              |
| <b>Section IV:</b>  | Coverage Form Summary         |
| <b>Section V:</b>   | Binding Requirements          |

**Section I**

# QUOTE

Quote Prepared: Hennep Cultivation , LLC

Date Prepared 03/05/2020

Broker of Record: Cannabis Insurance Consultants, Inc.

Producer: Tony Carastro

## **Knight specialty Insurance Company**

**Coverages****Quote****Rating Basis:**

<ul style="list-style-type: none"><li>• General Liability<ul style="list-style-type: none"><li>• Property</li><li>• Product Liab</li></ul></li></ul>	<table><tr><td>Total Premium</td><td>\$69,580.00</td></tr><tr><td>Underwriting Fee</td><td>\$1,500.00</td></tr><tr><td>Inspection Fee</td><td>\$625.00</td></tr><tr><td>Stamping Fee</td><td>\$22.41</td></tr><tr><td><u>Surplus Lines Tax</u></td><td><u>\$2,503.64</u></td></tr><tr><td>Grand Total</td><td>\$72,781.05</td></tr></table>	Total Premium	\$69,580.00	Underwriting Fee	\$1,500.00	Inspection Fee	\$625.00	Stamping Fee	\$22.41	<u>Surplus Lines Tax</u>	<u>\$2,503.64</u>	Grand Total	\$72,781.05	<ul style="list-style-type: none"><li>• General Liability – Gross Revenue</li><li>• Gross Revenue: \$2,500,000</li><li>• Property – Property Values</li></ul>
Total Premium	\$69,580.00													
Underwriting Fee	\$1,500.00													
Inspection Fee	\$625.00													
Stamping Fee	\$22.41													
<u>Surplus Lines Tax</u>	<u>\$2,503.64</u>													
Grand Total	\$72,781.05													



## Section II

### Scheduled Operations:

Recreational Cannabis Grow & Manufacturer

### Scheduled Locations:

Loc #1/Bldg #1      160 Grove Street Franklin MA 02038.

### Section III

### Coverage Summary

<b>General Liability Coverage Limits</b>		<b>Occurrence Form</b>		<b>Premium</b>
General Aggregate				\$2,000,000.00
Each Occurrence				\$1,000,000
Products Completed Operations				Excluded
Personal & Advertising Injury				\$1,000,000
Damage to Premises Rented to You				\$100,000
Pesticide Endorsement				\$50,000
Medical Payments				\$1,000
Stop Gap Coverage-WA Only				\$1,000,000
Hired and Non-Owned Auto Endorsement				\$0
Deductible				\$2500 (Per Occurrence)
Additional Insured Certificate	(Fully Earned)	#1		\$50.00
Primary Wording		#0		\$0.00
Waiver of Subrogation		#0		\$0.00

<b>Property</b>		<b>Knight Specialty Insurance Company (A.M. Best Rated B X)</b>		<b>Coverage Limits</b>	<b>Premium</b>
Building	RCV, 90% Coinsurance			\$000,000.00	
	Wind and Hail Excluded				
Loss of Income	90% Coinsurance			\$100,000.0	
Cannabis Inventory/Finished Stock	ACV			\$500,000.00	
*Cannabis Finished Stock on Display is limited to				\$500,000.00	
*Cannabis Finished Stock on Display is limited to				(LOC 1)Grow	
*Cannabis Finished Stock on Display is limited to				\$00,000.00	
Outdoor Sign	RCV, 90% Coinsurance			\$250,000.00	
Indoor Grow Equipment and Tools	RCV, 90% Coinsurance			\$0.00	
Outdoor Grow Equipment and Tools	RCV, 90% Coinsurance			\$250,000	
Business Personal Property	RCV, 90% Coinsurance			\$1,500,000	
Tenants Improvements	RCV, 90% Coinsurance			\$0,000.00	
Property Deductible				\$2,500 (Per Occurrence)	
Commercial Property Endorsement	Form				Not Quoted
• Accounts Receivable				\$25,000	
• Employee Dishonesty				\$25,000	
• Money & Securities				\$25,000	
• Outdoor Property (Trees, Radio/TV, Antennas, Sign)				\$25,000	
• Outdoor Property (Trees, Shrubs or Plants)				\$500 each tree/\$2,500	
• Personal Effects and Property of Others				\$25,000	
• Property In Transit Coverage				\$ theft limit	
• Property Off-Premises				\$25,000	
• Spoilage				\$25,000	
• Valuable Papers and Records(Other than Electronic Data)				\$25,000	
Property endorsement deductible				\$500	
<b>Note:</b> Backed Up Sewers and Drains Endorsement is included at no charge, if Property is packaged with General Liability.					

Excess Liability	<u>Premium</u> Not Quoted \$0.00
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**Crop:** Falls Lake National Insurance Company (A.M. Best Rated A X)

<u>Coverage Limits</u>		
Crop Schedule:		
• Seeds	RCV, 90% Coinsurance	\$0.00
• Immature Seedlings	RCV, 90% Coinsurance	\$0.00
• Vegetative Plants	RCV, 90% Coinsurance	\$0.00
• Flowering Plants	RCV, 90% Coinsurance	\$0.00
• Harvested Plants	RCV, 90% Coinsurance	\$0.00
• Finished Stock	RCV, 90% Coinsurance	\$500,000
Deductible		\$2500 (Per Occurrence)

**Products Liability: Claims Made Form**

• <b>Product Liability Coverage</b>	<u>Coverage Limits</u>
Each Claim	\$1,000,000
Policy Term Aggregate	\$2,000,000
Deductible	
• <b>Endorsements</b>	
Product Withdrawal	
Deductible	
Retro Active Period	Date:mm/dd/yyyy
Vendor Certificate	

Falls Lake National Insurance Company

Section IV

**COVERAGE FORMS**

Form #	Description
IL DS 00 09 08	COMMON POLICY DECLARATIONS
IL 00 03 09 08	CALCULATION OF PREMIUM
IL 00 17 11 98	COMMON POLICY CONDITIONS
IL 00 21 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
IL 02 70 09 12	MA CHANGES – CANCELLATION AND NONRENEWAL
IL 01 02 05 05	MA CHANGES – ACTUAL CASH VALUE
IL 01 04 09 07	MA CHANGES
IL 09 35 07 02	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
IL 09 85 01 15	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
CG DS 01 10 01	COMMERCIAL GENERAL LIABILITY DECLARATIONS
CG 00 01 04 13	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG 20 11 04 13	ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES
CG 21 04 11 85	EXCLUSION - PRODUCTS/COMPLETED OPERATIONS HAZARD
CG 21 06 05 14	EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY – WITH LIMITED BODILY INJURY EXCEPTION
CG 21 47 12 07	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 21 49 09 99	TOTAL POLLUTION EXCLUSION ENDORSEMENT
CG 21 67 04 02	FUNGI OR BACTERIA EXCLUSION
CG 21 75 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES
CG 21 76 01 15	EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM
CG 32 34 01 05	MA CHANGES
CG 03 00 01 96	DEDUCTIBLE LIABILITY INSURANCE
CG 21 44 07 98	LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
CP DS 00 10 00	COMMERCIAL PROPERTY DECLARATIONS
CP 00 10 10 12	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 30 10 12	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP 00 90 07 88	COMMERCIAL PROPERTY CONDITIONS
CP 01 40 07 06	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

CP 10 30 10 12	PROPERTY CAUSES OF LOSS – SPECIAL FORM
CP 10 54 06 07	WINDSTORM OR HAIL EXCLUSION
MMD 10 01 01 15	AUDIT PREMIUMS – AMENDATORY ENDORSEMENT
MMD 10 03 01 15	BACK-UP OF SEWERS, DRAINS OR SUMPS COVERAGE
MMD 10 04 01 15	COMBINATION GL ENDORSEMENT – NON CONTRACTORS
MMD 1006 01 15	EXCLUSION – ASSAULT AND BATTERY
MMD 10 07 01 15	BANNED SUBSTANCE EXCLUSION
MMD 10 08 01 15	CARCINOGENS ENDORSEMENT
MMD 1009 01 15	EXCLUSION – EMPLOYEES OF INDEPENDENT CONTRACTORS, LEASED/TEMPORARY/1099/VOLUNTEER WORKERS, CASUAL LABORERS
MMD 10 17 01 15	TOBACCO OR RELATED PRODUCTS
MMD 1011 01 15	EXCLUSION – TOTAL MOLD, MILDEW OR OTHER FUNGI
MMD 10 20 01 17	ADDITIONAL EXCLUSIONS & ENDORSEMENTS CANNABIS AND HEMP BUSINESS PROPERTY FORM
MMD 1012 01 15	EXCLUSION – PROFESSIONAL LIABILITY
MMD 1014 01 15	EXCLUSION - SEXUAL ABUSE AND / OR MOLESTATION
MMD 1015 01 15	EXCLUSION - TANNING BEDS
MMD 00 00 01 18	SHORT RATE CANCELLATION TABLE
MMD 1018 01 15	GOVERNMENTAL ACTS & CRIMINAL ACTIVITIES
MMD 1021 01 15	MINIMUM EARNED PREMIUM ENDORSEMENT
MMD 1022 01 15	EXCLUSION - AMERICANS WITH DISABILITIES ACT
MMD 1027 01 15	PROTECTIVE SAFEGUARDS
MMD 1032 01 15	ABSOLUTE ASBESTOS EXCLUSION
MMD 1033 01 15	ABSOLUTE LEAD EXCLUSION
MMD 1034 01 15	AIRCRAFT PRODUCTS AND AIRCRAFT GROUNDING HAZARDS EXCLUSION
MMD 1037 01 15	POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM
MMD 1040 01 15	RESIDENTIAL EXCLUSION
CA PHN 10 16	MA CONSUMER COMPLAINT NOTICE
MMD 1047 05 17	DESIGNATED CLASSIFICATION LIMITATION
MMD 10 48 09 17	FIRE HAZARD PROPERTY MITIGATION SAFEGUARD (CALIFORNIA)
FLFCC SOS 1000 CA (07 18)	FALLS LAKE MA SERVICE OF SUIT CLAUSE
FLFCC PP 3000 (07 18)	FALLS LAKE PRIVACY POLICY
FLF CC 2018 (SLEX)	SANCTION AND LIMITATION EXCLUSION CLAUSE

D2	NON ADMITTED DISCLOSURE
MMD 10 53 09 18	EXCLUSION – RACKETEER INFLUENCED CORRUPTION ORGANIZATIONS (RICO)
MMD 10 30 10 18	FALLS LAKE TO REPORT A CLAIM

**NOTE: All Falls Lake National Insurance Company forms listed above are included in this quote. If there are coverages you want included that are not, please contact underwriting with the changes you would like. All changes must be made in writing and will require approval by Cannabis Insurance consultants, LLC. all rates are subject to change.**

## **Section V**

### **BINDING REQUIREMENTS**

No coverage is bound until accepted & approved by Cannabis Insurance Consultants, LLC. Rates are subject to change upon receipt of completed applications. The terms & conditions offered may differ from what has been requested.

**Signatures and Quotes are only good for 30 days from: 10/11/19**

Consult the policy for all specific terms and conditions and complete policy exclusions

#### **BINDING REQUIREMENTS:**

- NWISMMD v1.4 Application signed and dated. Please note that a signed application is required at the time binding is requested. Signatures cannot be older than 5 days.
- Criminal check authorization form
- SECTION 1-
- SECTION 1.B- Please make sure this section applies for all locations.
- SECTION 2-Please make sure this section applies for all locations.
- SECTIONS 3-7 LOC 1-Please list full physical address.
- SECTION 3-Please make sure all locations GL limits match as quoted with \$1M/\$2M limits.
- SECTION 3
- SECTION 4 LOC
- SECTION 4 LOC 3-Please confirm that applicant is sole tenant and no other buildings attached to qualify for building coverage at this location.
- SECTION 4
- SECTION 4.B
- SECTION 9-Please uncheck the property box if no loss payee is currently needed per your email.
- TRIA Form
- Inspection Requirement Form
- CA D1
- CA SL 2
- Copy of signed finance agreement
- Product Liability Year End Audit Requirement Form
- General Liability Year End Audit Requirement Form
- Please provide a copy of the permit and/or license issued by the state, city or local agency that governs cannabis related businesses. If you're license/permit is pending, please provide any other business license authorizing you to do such business in the state. Upon

receipt of your cannabis permit and/or license, please send to our underwriting department to complete the file as this is a requirement to maintain your policy in good standing. **\*\*\*Please note that proof of permit or license is due within 30 days of binding to avoid cancellation.\*\*\***

- Insured signed and dated No Known Loss Letter with Insured's Legal business name included. Please date this from 1-year prior to bind request date.

Upon receipt of the above, we will determine if the premium is still valid and if coverage can be put in force. If you have any questions, please do not hesitate to contact our office. We are pleased to assist you in this regard.

Sincerely,

Cannabia Insurance Consultants, LLC

Underwriter: maria martinez

Phone: 813-489-6255

Email: [tony@carastroins.com](mailto:tony@carastroins.com)





## **Employee Qualifications and Training**

Hennep Cultivation 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 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.

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

Outside of the Responsible Vendor Training, employees will be trained on the compliance standards related to his or her own job function as well as cross trained on compliance standards for other job functions to better understand the company-wide impact of procedures and protocols, and potentially mitigate operational risks. Training may be conducted on-site by the senior management team or off-site if approved.

The Company estimates that it will hire 40-50 employees across the company, however this may change with the business needs at any time. Non-cultivation or non-manufacturing jobs will include staffing for human resources, accounting/finance, marketing, and an IT technician. The Company may decide to contract an



independent consultant for one or more of the non-cultivation or non-manufacturing jobs. Cultivation and manufacturing employees will be required to register as a Marijuana Establishment Agent with the Commission. General qualifications for jobs in the security, cultivation, or processing operations for The Company will include, but are not limited to;

- Ability to stand for 8+ hours per day while working
- Ability to lift up to 70 pounds
- Ability to follow directions and perform repetitive tasks accurately
- 21+ years of age
- Must be able to pass a comprehensive background check

#### 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

#### Security Guard

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.

#### 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.

#### Cultivation Manager

The Cultivation Manager will require sufficient qualifications to be responsible for executing protocols and standard operating procedures for all phases of cultivation, including: propagation, vegetative, flowering and harvest. The Cultivation Manager will maintain cleanliness standards and oversee daily inspections and

# hennep

inventory management, and will be able to maintain safe working practices and report occurrences of diversion and loss or workplace hazards immediately. The Cultivation Manager will also;

- Oversee Cultivation Associates throughout all the tasks in the grow cycle, including transplanting, feeding, cloning, cropping and inventory management
- Assist in the hiring and training of Cultivation Associates
- Work directly with the dispensary teams and the Director of Cultivation to ensure the quantity, mix and yield of strains planted will meet patient and market needs for medicine and treatment

## Cultivation Associate

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 Cultivation Manager, 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

## Manufacturing Manager

The Manufacturing Manager 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 finished product; this includes but is not limited to;

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

## Manufacturing Associate

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 Manufacturing Managers, 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



### **Maintaining of Financial Records**

Hennep Cultivation 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**”.

As part of enterprise resource planning, The Company will utilize an ERP software system with secured backup storage capacity to maintain all records.

ERP software system will allow The Company to provide the Commission, or other regulatory body, with accurate and timely reporting of historical business records required to maintain compliance as well as implement accounting software to maintain records in accordance with 935 CMR 500.105 (9)(e) for: will implement good financial controls to mitigate the risks of inaccurate reporting or fraudulent practices.

- Assets
- Liabilities
- Capital account balances
- Revenues
- Expenses – 280e deductible
- Expenses – 280e non-deductible



### **Personnel Policies Including Background Checks**

Hennep Cultivation 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.

(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 notify 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 (15) 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.

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



The Company will maintain all personnel policies and procedures in an employee handbook which will address a wide variety of topics including information on;

- Employee benefits
- Vacation and sick time
- Work schedules
- Confidentiality
- Criminal background checks
- Security and limited access areas
- Employee identification and facility access
- Personal safety and crime prevention techniques
- Alcohol, drug, and smoke-free workplace
- Grounds for discipline and termination

Each employee is required to review the handbook and attest to their understanding of the Company's personnel policies and procedures. The Company will review its employee handbook periodically and communicate any changes to its employees.



## **Quality Control and Testing for Contaminants**

### **Testing of Marijuana**

Hennep Cultivation 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 shall engage an Independent Testing Laboratory to test its 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 test 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 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) 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**

Hennep Cultivation 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**”.



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

Hennep Cultivation 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, 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 Marijuana Cultivator and Marijuana Product Manufacturer licenses at this location. However, should the Company ultimately apply for, and be licensed as, a Registered Marijuana Dispensary thus permitting the sale of Medical Marijuana, then it shall be a policy of the Company that: (1) if an individual is younger than 21 years old, but 18 years of age or older, he or she shall not be admitted unless they produce an active medical registration card issued by the Commission; and (2) if the individual is younger than 18 years old, he or she shall not be admitted unless they produce an active medical registration card and they are accompanied by a Personal Caregiver (as defined in 935 CMR 501.002) with an active medical registration card. In addition to the medical registration card, registered qualifying patients 18 years of age and older and Personal Caregivers must also produce proof of identification.

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



# **Diversity Plan**

## **Introduction**

To the extent permissible by law it is the policy of this company to promote equity among the following demographic groups:

1. Minorities;
2. Women;
3. Veterans;
4. People with disabilities; and
5. People who identify as LGBTQ+

The execution of this plan will be documented and reviewed annually. The outcome of this review will be provided by our company to the Commission prior to the annual renewal of our license.

Any action taken, or programs instituted, by our company for the execution of this plan will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

This plan will adhere to the requirements set forth in 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of Marijuana Establishments.

## **Goals**

Our company has established the diversity goal of employing 20% or more women and or veterans in retail and management positions to help them achieve their goal of entering the adult-use marijuana industry.

## **Programs**

The following programs will help effectuate the above goals:

1. Employment opportunities- when available- will be published no less frequently than annually- in "The Milford Daily News", and "The Franklin Wicked Local" with the objective of more effectively reaching women and veterans;
2. Distribute internal workplace information sheets, bi-annually, aimed at encouraging current employees to recommend women and veterans for employment;
3. Participate in job and recruitment fairs- no less than annually when employees are needed- that specifically target women and veterans
4. Women and veterans will be offered opportunities to shadow their immediate supervisor to help achieve a transfer of the skills, knowledge, and responsibilities that this role demands.

**Measurement**

Ideally, a cross-section of the individuals that are employed by our company should reflect the demographic make-up of the community that we serve. To that end we intend to focus our efforts on the following metrics:

1. Have five employment positions been created since initial licensure?
2. Have we advertised available positions in diverse media with the objective of more effectively reaching women and veterans?
3. Have we attended at least one job and recruitment fair that specifically targets women and or veterans?
4. Have women and or veterans been hired and retained for at least 20% of the available positions?
5. Have women and or veterans been offered opportunities to engage in shadow training?
6. How many women and or veterans have chosen to engage in shadow training?