



## Massachusetts Cannabis Control Commission

### Marijuana Cultivator

#### General Information:

License Number: MC281717

Original Issued Date: 07/01/2019

Issued Date: 07/15/2021

Expiration Date: 09/01/2022

### ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: LC Square, LLC.

Phone Number: 617-712-8884 Email Address: art@lcsquare.net

Business Address 1: 14 Fox Hill Drive Business Address 2:

Business City: Natick Business State: MA Business Zip Code: 01760

Mailing Address 1: 14 Fox Hill Drive Mailing Address 2:

Mailing City: Natick Mailing State: MA Mailing Zip Code: 01760

### 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: 100 Percentage Of Control: 100

Role: Owner / Partner Other Role:

First Name: Arthur Last Name: Babayan Suffix:

Gender: Male

User Defined Gender:

What is this person's race or ethnicity?: Some Other Race or Ethnicity

Specify Race or Ethnicity:

#### ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

No records found

#### CLOSE ASSOCIATES AND MEMBERS

No records found

#### CAPITAL RESOURCES - INDIVIDUALS

##### Individual Contributing Capital 1

First Name: Arthur

Last Name: Babayan

Suffix:

Types of Capital: Monetary/Equity Other Type of Capital: Total Value of the Capital Provided: \$120000 Percentage of Initial Capital: 50

Capital Attestation: Yes

##### Individual Contributing Capital 2

First Name: Tigran

Last Name: Damiani

Suffix:

Types of Capital: Monetary/Equity Other Type of Capital: Total Value of the Capital Provided: \$120000 Percentage of Initial Capital: 50

Capital Attestation: Yes

#### CAPITAL RESOURCES - ENTITIES

No records found

#### BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES

No records found

#### DISCLOSURE OF INDIVIDUAL INTERESTS

No records found

#### MARIJUANA ESTABLISHMENT PROPERTY DETAILS

Establishment Address 1: 173 Howland Avenue

Establishment Address 2:

Establishment City: Adams

Establishment Zip Code: 01220

Approximate square footage of the Establishment: 37000 How many abutters does this property have?: 19

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

Cultivation Tier: Tier 03: 10,001 to 20,000 sq. ft

Cultivation Environment: Indoor

#### FEE QUESTIONS

Cultivation Tier: Tier 03: 10,001 to 20,000 sq. ft Cultivation Environment: Indoor

#### HOST COMMUNITY INFORMATION

Host Community Documentation:

Document Category	Document Name	Type	ID	Upload Date
Certification of Host Community Agreement	HCA Certification Form LC2.pdf	pdf	5b9d3afbb60ce4391d88044c	09/15/2018
Plan to Remain Compliant with Local Zoning	LC2 Plan to Remain Compliant with Local Zoning.pdf	pdf	5b9d59cd185bb22d71067899	09/15/2018

Community Outreach Meeting Documentation	Community Outreach Meeting Attestation Form.pdf	pdf	5bae91c253586f55aecffeea	09/28/2018
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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.: \$1

#### PLAN FOR POSITIVE IMPACT

Plan to Positively Impact Areas of Disproportionate Impact:

Document Category	Document Name	Type	ID	Upload Date
Plan for Positive Impact	LC2 Plan for Positive ImpactV2.0.pdf	pdf	5c7db4653779161b2a8744c8	03/04/2019

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### INDIVIDUAL BACKGROUND INFORMATION

Individual Background Information 1

Role: Other Role:  
 First Name: Arthur Last Name: Babayan Suffix:  
 RMD Association: Not associated with an RMD  
 Background Question: no

#### ENTITY BACKGROUND CHECK INFORMATION

No records found

#### MASSACHUSETTS BUSINESS REGISTRATION

Required Business Documentation:

Document Category	Document Name	Type	ID	Upload Date
Secretary of Commonwealth - Certificate of Good Standing	CertOfGoodStanding SOS.pdf	pdf	5bae943c53586f55aecffef2	09/28/2018
Department of Revenue - Certificate of Good standing	CertOfGoodStanding DOR.pdf	pdf	5bae948e0a81ab55b83d0aae	09/28/2018
Articles of Organization	Certificate of Organization_Final.pdf	pdf	5bae97095d207955c2da6cc1	09/28/2018
Bylaws	LC2 Operating Agreement.pdf	pdf	5bae9743ec5a2655cc7f13e9	09/28/2018

Certificates of Good Standing:

Document Category	Document Name	Type	ID	Upload Date
Department of Unemployment Assistance - Certificate of Good standing	LC2 DUA Certificate_2021.pdf	pdf	60db81f07a4b3b034a67e115	06/29/2021
Department of Revenue - Certificate of Good standing	DOR_CertificateofGoodStanding.pdf	pdf	60db8207da52e3026d45f2fb	06/29/2021
Secretary of Commonwealth - Certificate of Good Standing	CertOfGoodStanding_LCSquare.pdf	pdf	60db821aaa87100331f61b2c	06/29/2021

Massachusetts Business Identification Number: 001327445

Date generated: 09/24/2021

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Doing-Business-As Name:

DBA Registration City:

#### BUSINESS PLAN

Business Plan Documentation:

Document Category	Document Name	Type	ID	Upload Date
Business Plan	LC2 BusinessPlan.pdf	pdf	5bae98dce7481b4c6f434f21	09/28/2018
Plan for Liability Insurance	LC2 Liability Insurance Plan.pdf	pdf	5bae9e26ec5a2655cc7f13f3	09/28/2018
Proposed Timeline	LC2 Timeline_V3.pdf	pdf	60db83683678b8028bd41761	06/29/2021

#### OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

Document Category	Document Name	Type	ID	Upload Date
Policies and Procedures for cultivating.	LC2 Cultivation P&P.pdf	pdf	5bae9eb78e8761559496ade8	09/28/2018
Separating recreational from medical operations, if applicable	LC2 Policy for Separating Recreational from Medical Operations.pdf	pdf	5bae9f582c8858559aa3162e	09/28/2018
Restricting Access to age 21 and older	LC2 Policy for Limiting Access to Age 21 and Older.pdf	pdf	5baea1425d207955c2da6ccf	09/28/2018
Prevention of diversion	LC2 Prevention of Diversion (cultivation).pdf	pdf	5baea2f48e16bb4c37416f9c	09/28/2018
Storage of marijuana	LC2 Policy and Procedure for Storage of Marijuana.pdf	pdf	5baea37aae24c04c4b19a8d5	09/28/2018
Transportation of marijuana	LC2 Policy for the Transportation of Marijuana.pdf	pdf	5baea48bca5aee4c5f98ece0	09/28/2018
Inventory procedures	LC2 Policy for Inventory.pdf	pdf	5baea592e4655b4c2db20eab	09/28/2018
Quality control and testing	LC2 Policy for Quality Control and Product Testing.pdf	pdf	5baea69d8e16bb4c37416fa2	09/28/2018
Dispensing procedures	LC2 Policy for Dispensing (cultivation site).pdf	pdf	5baea70a4422954c41f54e1e	09/28/2018
Personnel policies including background checks	LC2 Personnel Policies.pdf	pdf	5baea7f9ae24c04c4b19a8db	09/28/2018
Record Keeping procedures	LC2 Record Keeping Procedure.pdf	pdf	5baea85544729d4c55919772	09/28/2018
Maintaining of financial records	LC2 Maintenance of Financial Records Policy and Procedure.pdf	pdf	5baea9fde4655b4c2db20eaf	09/28/2018
Qualifications and training	LC2 Qualifications and Training Policy and Procedure.pdf	pdf	5baeac034422954c41f54e22	09/28/2018
Security plan	LC2 Security System Plan.pdf	pdf	5baef483e4655b4c2db20ec2	09/28/2018
Diversity plan	LC2 Diversity Plan_V3.0.pdf	pdf	5f28d5df17c8fd6455707eb0	08/03/2020
Energy Compliance Plan	LC2 Energy Compliance Plan.pdf	pdf	60db8416504b25036f75408e	06/29/2021

#### ATTESTATIONS

Date generated: 09/24/2021

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

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

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

Notification: I Understand

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

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

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

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### COMPLIANCE WITH POSITIVE IMPACT PLAN

Progress or Success Goal 1

Description of Progress or Success: Since we have not begun build-out and are not operational we have not made any progress towards our Positive Impact Goals

#### COMPLIANCE WITH DIVERSITY PLAN

Diversity Progress or Success 1

Description of Progress or Success: Since we have not begun build-out and are not operational we have not made any progress towards our Diversity Plan Goals

#### HOURS OF OPERATION

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

## Host Community Agreement Certification Form

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

### Applicant

I, ARTHUR BABAYAN, (insert name) certify as an authorized representative of LC SQUARE LLC (insert name of applicant) that the applicant has executed a host community agreement with Town of Adams (insert name of host community) pursuant to G.L.c. 94G § 3(d) on 09-06-2018 (insert date).



Signature of Authorized Representative of Applicant

### Host Community

I, Donna E. Cesan, (insert name) certify that I am the contracting authority or have been duly authorized by the contracting authority for Town of Adams (insert name of host community) to certify that the applicant and Town of Adams (insert name of host community) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on August 23, 2018 (insert date).



Signature of Contracting Authority or  
Authorized Representative of Host Community

# LC2 Plan to Remain Compliant with Local Zoning

## Purpose

The purpose of this plan is to outline how LC Square, LLC. ("LC2") will remain in compliance and ensure that the Marijuana Establishment is and will remain compliant with local codes, ordinances and bylaws for the physical address of our Marijuana Establishment at 173 Howland Avenue, Adams MA 01220, which includes, but not be limited to, the identification of any local licensing requirements for the adult use of marijuana.

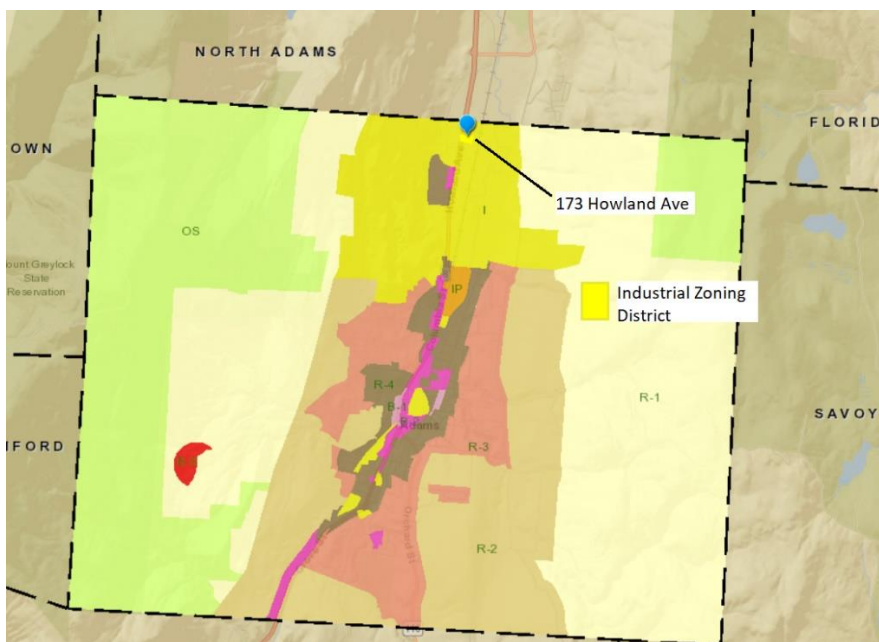
## Background

The Town of Adams has enacted a zoning bylaw that establishes zoning restrictions for Adult-Use marijuana establishments.

Chapter 125 Article IV Section 125-35 Licensed Marijuana Establishments (attached) states in part, *"Licensed marijuana establishments may be sited as-of-right in the Industrial (I) District, as shown on the Zoning Map pursuant to MGL c. 40A, § 4, subject to site plan approval in accordance with § 125-19 of this chapter."*

Our proposed location at 173 Howland Avenue in Adams is located in the Industrial Zoning District which allows Marijuana Cultivation Establishments by right subject to site plan review

The zoning bylaw also requires a Marijuana Establishment to possess a business license from the Town.



**Plan:**

LC2 is currently fully compliant with all of the requirements outlined in the Towns bylaw. Upon Receipt of a Provisional License from the Commission, LC2 will apply for site plan approval and a business license from the Town. We will also comply with all conditions of the bylaw.

LC2, LLC. is and will remain compliant with all relevant local codes, ordinances and applicable to a Marijuana Cultivator in the Town of Adams

In addition to LC2 remaining compliant with the existing Adams Zoning bylaw, our executive management team and General Counsel will continually engage with the Adams Town Officials to remain up to date with local codes zoning ordinances and by-laws, to remain fully compliant.



## 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, ARTHUR BABAYAN, (insert name) attest as an authorized representative of LC SQUARE 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 09-06-2018 (insert date).
2. A copy of a notice of the time, place, and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was published in a newspaper of general circulation in the city or town on 08-30-2018 (insert date), which was at least seven calendar days prior to the meeting. A copy of the newspaper notice is attached as Attachment A (*please clearly label the newspaper notice in the upper right hand corner as Attachment A and upload it as part of this document*).
3. A copy of the meeting notice was also filed on 08-28-2018 (insert date) with the city or town clerk, the planning board, the contracting authority for the municipality, and local licensing authority for the adult use of marijuana, if applicable. A copy of the municipal notice is attached as Attachment B (*please clearly label the municipal notice in the upper right-hand corner as Attachment B and upload it as part of this document*).
4. Notice of the time, place and subject matter of the meeting, including the proposed address of the Marijuana Establishment, was mailed on 08-28-2018 (insert date), which was at least seven calendar days prior to the community outreach meeting to abutters of the proposed address of the Marijuana Establishment, and residents within 300 feet of the property line of the petitioner as they appear on the most recent applicable tax list, notwithstanding that the land of any such owner is located in another city or town. A copy of one of the notices sent to abutters and parties of interest as described in this section is attached as Attachment C (*please clearly label the municipal notice in the upper right hand corner as Attachment C and upload it as part of this document; please only include a copy of one notice and please black out the name and the address of the addressee*).

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

**Berkshire Eagle, The****ATTACHMENT A**

Publication Logo  
Unavailable

Publication Name:

**Berkshire Eagle, The**

Publication URL:

[www.berkshireeagle.com/](http://www.berkshireeagle.com/)

Publication City and State:

**Pittsfield, MA**

Publication County:

**Berkshire**

Notice Popular Keyword Category:

Notice Keywords:

**lc square**

Notice Authentication Number:

**201809151144042681774****1239071861**

Notice URL:

[Back](#)

Notice Publish Date:

Thursday, August 30, 2018

**Notice Content**

Notice of Community Outreach Meeting For Adult-Use Marijuana Cultivation Establishment Notice is hereby given that LC Square LLC will conduct a Community Outreach Meeting as required under the adult use marijuana regulations, 935 CMR 500.101 on September 6th 2018 at 6pm at the Visitors Center Building located at 3 Hoosac Street Adams MA 01220 . The proposed Marijuana Cultivation Establishment plans to be located at 173 Howland Avenue Adams MA . There will be an opportunity for the public to ask questions. LC Square, LLC 08/30/18

[Back](#)

**From:** Art Babayan <art@lcsquare.net>  
**Sent:** Monday, September 24, 2018 7:52 PM  
**To:** Anthony Parrinello  
**Subject:** Fwd: Notice of Community Outreach Meeting

Below email was sent to parties at Town of Adams for Community Outreach. (Item 4 on your list)

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

From: **Meczywor, Haley** <[hmeczywor@town.adams.ma.us](mailto:hmeczywor@town.adams.ma.us)>  
Date: Tue, Aug 28, 2018 at 3:47 PM  
Subject: RE: Notice of Community Outreach Meeting  
To: Art Babayan <[art@lcsquare.net](mailto:art@lcsquare.net)>, Cesan, Donna <[dcesan@town.adams.ma.us](mailto:dcesan@town.adams.ma.us)>, Gerry, Pamela <[pgerry@town.adams.ma.us](mailto:pgerry@town.adams.ma.us)>, Dunlap, Deborah <[ddunlap@town.adams.ma.us](mailto:ddunlap@town.adams.ma.us)>

We will be posting this notice on the town bulletin board and website.

Haley Meczywor

Adams Town Clerk

**From:** Art Babayan [mailto:[art@lcsquare.net](mailto:art@lcsquare.net)]  
**Sent:** Tuesday, August 28, 2018 3:37 PM  
**To:** Cesan, Donna; Meczywor, Haley; Gerry, Pamela; Dunlap, Deborah  
**Subject:** Notice of Community Outreach Meeting

Dear Town Representative,

Please refer to the below Notice of Community Outreach Meeting.

Kind Regards,

LC Square, LLC

**Notice of Community Outreach Meeting**

**ATTACHMENT C**

For Adult-Use Marijuana Cultivation Establishment

Notice is hereby given that LC Square LLC will conduct a Community Outreach Meeting as required under the adult use marijuana regulations, 935 CMR 500.101 on September 6<sup>th</sup> 2018 at 6pm at the Visitors Center Building located at [3 Hoosac Street Adams MA 01220](#) .  
The proposed Marijuana Cultivation Establishment plans to be located at [173 Howland Avenue Adams MA](#) .

There will be an opportunity for the public to ask questions.

LC Square, LLC

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Art Babayan

CEO, LC<sup>2</sup> LLC

Email: [Art@lcsquare.net](mailto:Art@lcsquare.net)

Phone: 617.712.8884

## **Notice of Community Outreach Meeting**

For Adult-Use Marijuana Cultivation Establishment

Notice is hereby given that LC Square LLC will conduct a Community Outreach Meeting as required under the adult use marijuana regulations, 935 CMR 500.101 on September 6<sup>th</sup> 2018 at 6pm at the Visitors Center Building located at 3 Hoosac Street Adams MA 01220 . The proposed Marijuana Cultivation Establishment plans to be located at 173 Howland Avenue Adams MA .

There will be an opportunity for the public to ask questions.

LC Square, LLC

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

From: **Cesan, Donna** <[dcesan@town.adams.ma.us](mailto:dcesan@town.adams.ma.us)>

Date: Wed, Jun 16, 2021 at 4:44 PM

Subject: RE: License renewal

To: Art Babayan <[art@lcsquare.net](mailto:art@lcsquare.net)>, Green, Jay <[jgreen@town.adams.ma.us](mailto:jgreen@town.adams.ma.us)>

Art:

This is to confirm that the Town of Adams has not incurred any costs associated with the operation of LC Square at this juncture. We look forward to the opening of your new facility in the months ahead. Please let us know if there is any additional information that you need.

Very best regards,

Donna

***Donna E. Cesan, AICP***

***Special Projects Manager***

***Town of Adams***

***8 Park Street***

***Adams, MA 01220***

***Phone: 413-743-8300 x131***

***Fax: 413-743-8309***

**From:** Art Babayan <[art@lcsquare.net](mailto:art@lcsquare.net)>

**Sent:** Monday, June 14, 2021 11:05 AM

**To:** Green, Jay <[jgreen@town.adams.ma.us](mailto:jgreen@town.adams.ma.us)>; Cesan, Donna <[dcesan@town.adams.ma.us](mailto:dcesan@town.adams.ma.us)>

**Subject:** Re: License renewal

Hi Jay and Donna,

Just a quick follow up on this. Can you please respond as per below.

Thanks,

Art

On Tue, Jun 8, 2021 at 2:29 PM Art Babayan <[art@lcsquare.net](mailto:art@lcsquare.net)> wrote:

Hi Jay/Donna,

Hope all is well on your end. We are marching along, near the finish line with our MEPs and roofing work. Ready to move inside soon.

June is the license renewal month with CCC for us.

For our annual renewal, the Cannabis Control Commission requires us to request from the host community, records of any cost to the city, or town reasonably related to the operation of our establishment. Per the CCC guidance these costs can include actual and anticipated costs associated with the operation of the establishment.

If you could please forward any records of these costs, and if no costs have been identified (as we are not operational) please note this.

Since we are not yet operational, a simple reply note indicating that no costs have been identified will suffice.

Thanks in advance,



Art Babayan

Founder / CEO

LC SQUARE

173 Howland Avenue

Adams, MA 01220

Email: [Art@lcsquare.net](mailto:Art@lcsquare.net)

Phone: 617.712.8884

Web: [www.lcsquare.net](http://www.lcsquare.net)

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# LC2 Plan to Positively Impact Areas of Disproportionate Impact

V2.0

## **Intent**

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LC Square, LLC. ("LC2") is committed to do our part in positively impacting areas of disproportionate impact. Our plan focuses on employment, Social Justice Leader status and the use of suppliers, contractors and partners.

LC2 is approximately 700 feet from the border of North Adams. North Adams has been designated as an "Area of Disproportionate Impact" by the Commission. It is our plan to engage employees, suppliers, contractors and other partners from North Adams when possible.

LC2 will comply with the requirements of 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of every Marijuana Establishment

Any actions taken, or programs instituted, by LC2 will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

## **Purpose**

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The purpose of this policy is to outline the responsibilities of the Company, the Company's management team and Agents to ensure that LC2 promotes and encourages full participation in LC2 operations by individuals from communities disproportionately harmed by marijuana prohibition and enforcement and to positively impact those communities while supporting the company's mission.

## **Plan for Positive Impact Populations:**

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1. Past or present residents of the geographic "areas of disproportionate impact," which have been defined by the Commission and identified in its Guidance for Identifying Areas of Disproportionate Impact, specifically North Adams.
2. Commission-designated Economic Empowerment Priority applicants;
3. Commission-designated Social Equity Program participants;
4. Massachusetts residents who have past drug convictions; and
5. Massachusetts residents with parents or spouses who have drug convictions.

## **Plans**

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### **Employment Plan-**

**GOAL:** Positively impact areas of disproportionate impact by providing good-paying jobs with benefits, including paid time for local volunteerism, and to develop long-term career opportunities.

**PROGRAMS FOR ACHIEVING GOALS:**

LC2 will make a concerted effort to hire ~40% of our employees meet the criteria of the Plan for Positive Impact Populations described above.

#### Hiring Priority-

1. Priority will be given to:
  - a. Residents from areas of disproportionate impact, with an additional priority given to North Adams residents;
  - b. Commission-designated Social Equity Program participants;
  - c. Massachusetts residents who have past drug convictions; and
  - d. Massachusetts residents with parents or spouses who have drug convictions.
2. We will engage with Berkshire Works Career Center which as a Massachusetts One Stop Career Center that serves North Adams. LC2 will post all job posing through this organization and will engage in job fairs and other services that are offered. Our job postings will also be posted on Berkshirejobs.com which also serves and North Adams;
  - a. We will hold at least one job fair 2 months prior to our expected opening date through Berkshire Works Career Center. The location of this job fail will be convenient to North Adams residents and our hiring preference will be outlines in all advertising of the fair.
  - b. We expect to have another job fair within 6 months of beginning operations. We have engaged with a North Adams Retail Marijuana Establishment applicant (Evergreen Strategies, Inc.) and will partner with them in holding this job fair.
  - c. Subsequent job fairs will be held as needed.

#### **MEASUREMENT AND ACCOUNTABILITY:**

1 year from receipt of Final License, and annually thereafter LC2, LLC. will produce a full report on all attempts to hire, actual hires, from where they came, their training, pay, benefits, and advancement. This report will be made available to the Commonwealth of Massachusetts, the Town of Adams and the City of North Adams. The data will also be used as an evolving tool for LC2 to determine the best hiring practices to reach our stated goals above. LC2 Managers and community stakeholders will meet to discuss the report and make any necessary adjustments.

#### **Social Justice Leader Plan-**

**GOAL:** To positively impact areas of disproportionate impact by becoming a Social Justice Leader.

#### **PROGRAMS FOR ACHIEVING GOALS:**

LC2 is committed to attaining Social Justice Leader status pursuant to 935 CMR 500.040(3)(a). While we may not be able to attain this status in year 1 or 2, it is our plan to make every effort to attain this leadership rating in year 3 of operation.

1. Once our fiscal projections are solid and we feel that the one percent of gross revenue required for this rating will not destabilize the company fiscally, we will make this required donation.

2. We plan to engage with Berkshire County based educational institution(s) and other organizations for the purposes holding educational seminars on Marijuana Cultivation and Marijuana Business Training.
  - a. We plan to engage the Mass College of Liberal Arts in North Adams, Berkshire Community College in Pittsfield and The Massachusetts Rehabilitation Commission office in North Adams
  - b. These educational seminars would be held, at a minimum, annually and based on their success will be held as often as needed based on enrollment.
  - c. These educational seminars would be targeted to North Adams residents and others who meet the Positive Impact Population.

**MEASUREMENT AND ACCOUNTABILITY:**

1 year from receipt of Final License, and annually thereafter LC2, LLC. will produce a comprehensive report on all actions taken to achieve Social Justice Leader status. This report will be made available to the Commonwealth of Massachusetts, the Town of Adams and the City of North Adams. LC2 Managers and appropriate community stakeholders will meet to discuss the report and make any necessary adjustments.

**Suppliers, Contractors and Partners Plan-**

LC2 will engage and contract with individuals who meet the Plan for Positive Impact Population outlined previously in this plan

**GOAL:** To positively impact areas of disproportionate impact by partnering with individuals and businesses whose owners or majority of its employees meet the Plan for Positive Impact Population outlined previously in this plan

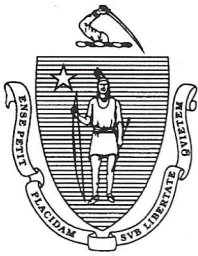
**PROGRAMS FOR ACHIEVING GOALS:**

To the extent possible and reasonable, LC2 plans to utilize suppliers, contractors and other partners who meet the criteria outlined above. We will give preference to these individuals and businesses when choosing our partners.

1. It is our goal that ~35% of our vendors, contractors and builders will be sourced locally from North Adams or whose owners and employees are individuals who qualify for the Commissions Social Equity Program.
2. LC2 will make reasonable efforts to identify and source Suppliers, Contractors and Wholesale Partners who meet the Positive Impact Population criteria.
  - a. Preference will be given to these individuals and businesses.
3. Priority for engaging and contracting with other Marijuana Establishments in wholesale relationships will be given to Marijuana Establishments that have attained Social Justice Leader rating from the Commission, Economic Empowerment priority applicants, or employ a majority of their employees that meet the Plan for Positive Impact Population outlined above.

**MEASUREMENT AND ACCOUNTABILITY:**

1 year from receipt of Final License, and annually thereafter LC2, LLC. will produce an ongoing comprehensive ledger on all expenses, contracts and agreements that includes whether or not the expense is a qualifying one under this plans goals. This ledger will be part of a report to be made available to the Commonwealth of Massachusetts, the Town of Adams and the City of North Adams. LC2 Managers and appropriate community stakeholders will meet to discuss the report and make any necessary adjustments.



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

William Francis Galvin  
Secretary of the  
Commonwealth

September 18, 2018

TO WHOM IT MAY CONCERN:

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

**LC SQUARE LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **May 14, 2018.**

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

I also certify that the names of all managers listed in the most recent filing are: **NONE**

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

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **ART BABAYAN, TIGRAN DAMIANI**

In testimony of which,

I have hereunto affixed the

Great Seal of the Commonwealth

on the date first above written.

A handwritten signature in cursive script, reading "William Francis Galvin".

Secretary of the Commonwealth





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

mass.gov/dor

Letter ID: L2061851776  
Notice Date: August 28, 2018  
Case ID: 0-000-539-274



## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



LC SQUARE, LLC  
14 FOX HILL DR  
NATICK MA 01760-1414

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

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

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

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

### ***What if I have questions?***

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

### ***Visit us online!***

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

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

Edward W. Coyle, Jr., Chief  
Collections Bureau



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

William Francis Galvin  
Secretary of the  
Commonwealth

August 24, 2018

TO WHOM IT MAY CONCERN:

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

**LC SQUARE LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **May 14, 2018.**

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

I also certify that the names of all managers listed in the most recent filing are: **NONE**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **ART BABAYAN, TIGRAN DAMIANI, VAZGEN GRIGORIAN**

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **ART BABAYAN, TIGRAN DAMIANI, VAZGEN GRIGORIAN**



In testimony of which,

I have hereunto affixed the

Great Seal of the Commonwealth

on the date first above written.

*William Francis Galvin*

Secretary of the Commonwealth





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

Minimum Fee: \$500.00

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

**Certificate of Organization**

(General Laws, Chapter )

**Identification Number:** 001327445

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

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

No. and Street: 14 FOX HILL DR.  
 City or Town: NATICK State: MA Zip: 01760 Country: USA

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

No. and Street: 14 FOX HILL DR.  
 City or Town: NATICK State: MA Zip: 01760 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:**  
AGRICULTURE.

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

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

Name: ART BABAYAN  
 No. and Street: 14 FOX HILL DR.  
 City or Town: NATICK State: MA Zip: 01760 Country: USA

**I, ART BABAYAN 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

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

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
SOC SIGNATORY	ART BABAYAN	14 FOX HILL DR. NATICK, MA 01760 USA
SOC SIGNATORY	TIGRAN DAMIANI	14 FOX HILL DR.

		NATICK, MA 01760 USA
SOC SIGNATORY	VAZGEN GRIGORIAN	14 FOX HILL DR. NATICK, MA 01760 USA

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

<b>Title</b>	<b>Individual Name</b> First, Middle, Last, Suffix	<b>Address</b> (no PO Box) Address, City or Town, State, Zip Code
REAL PROPERTY	ART BABAYAN	14 FOX HILL DR. NATICK, MA 01760 USA
REAL PROPERTY	TIGRAN DAMIANI	14 FOX HILL DR. NATICK, MA 01760 USA
REAL PROPERTY	VAZGEN GRIGORIAN	14 FOX HILL DR. NATICK, MA 01760 USA

**9. Additional matters:**

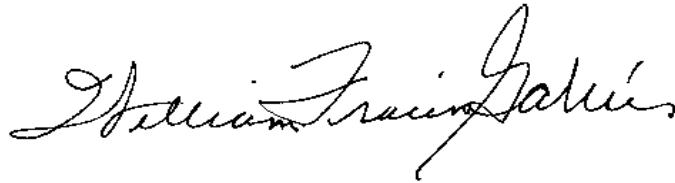
**SIGNED UNDER THE PENALTIES OF PERJURY, this 14 Day of May, 2018,**  
LEGALZOOM.COM, INC., A CALIFORNIA CORPORATION, CHEYENNE MOSELEY, ASSISTANT  
SECRETARY

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

THE COMMONWEALTH OF MASSACHUSETTS

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

May 14, 2018 06:57 AM

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

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*



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

Minimum Fee: \$100.00

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

**Certificate of Amendment**

(General Laws, Chapter )

**Identification Number:** 001327445

**The date of filing of the original certificate of organization:** 5/14/2018

**1.a. Exact name of the limited liability company:** LC SQUARE LLC

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

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

No. and Street: 14 FOX HILL DR.  
 City or Town: NATICK State: MA Zip: 01760 Country: USA

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

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

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

Name: ART BABAYAN  
 No. and Street: 14 FOX HILL DR.  
 City or Town: NATICK State: MA Zip: 01760 Country: USA

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

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

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

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
SOC SIGNATORY	ART BABAYAN	14 FOX HILL DR. NATICK, MA 01760 USA
SOC SIGNATORY	TIGRAN DAMIANI	14 FOX HILL DR. NATICK, MA 01760 USA

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

<b>Title</b>	<b>Individual Name</b> First, Middle, Last, Suffix	<b>Address</b> (no PO Box) Address, City or Town, State, Zip Code
REAL PROPERTY	ART BABAYAN	14 FOX HILL DR. NATICK, MA 01760 USA
REAL PROPERTY	TIGRAN DAMIANI	14 FOX HILL DR. NATICK, MA 01760 USA

**9. Additional matters:**

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

REMOVING A PERSON FROM SECTION 7 AND 8

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

**SIGNED UNDER THE PENALTIES OF PERJURY, this 14 Day of September, 2018,**  
ART BABAYAN , Signature of Authorized Signatory.

THE COMMONWEALTH OF MASSACHUSETTS

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

September 14, 2018 07:15 PM

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

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*

## **Operating Agreement**

### **LC Square LLC, a Massachusetts Limited Liability Company**

THIS OPERATING AGREEMENT of LC Square LLC (the "Company") is entered into as of the date set forth on the signature page of this Agreement by each of the Members listed on Exhibit A of this Agreement.

A. The Members have formed the Company as a Massachusetts limited liability company under the Massachusetts Limited Liability Company Act. The purpose of the Company is to conduct any lawful business for which limited liability companies may be organized under the laws of the commonwealth of Massachusetts. The Members hereby adopt and approve the articles of organization of the Company filed with the Massachusetts State Secretary.

B. The Members enter into this Agreement to provide for the governance of the Company and the conduct of its business, and to specify their relative rights and obligations.

## **ARTICLE 1: DEFINITIONS**

Capitalized terms used in this Agreement have the meanings specified in this Article 1 or elsewhere in this Agreement and if not so specified, have the meanings set forth in the Massachusetts Limited Liability Company Act.

"Agreement" means this Operating Agreement of the Company, as may be amended from time to time.

"Capital Account" means, with respect to any Member, an account consisting of such Member's Capital Contribution, (1) increased by such Member's allocated share of income and gain, (2) decreased by such Member's share of losses and deductions, (3) decreased by any distributions made by the Company to such Member, and (4) otherwise adjusted as required in accordance with applicable tax laws.

"Capital Contribution" means, with respect to any Member, the total value of (1) cash and the fair market value of property other than cash and (2) services that are contributed and/or agreed to be contributed to the Company by such Member, as listed on Exhibit A, as may be updated from time to time according to the terms of this Agreement.

"Exhibit" means a document attached to this Agreement labeled as "Exhibit A," "Exhibit B," and so forth, as such document may be amended, updated, or replaced from time to time according to the terms of this Agreement.

"Member" means each Person who acquires Membership Interest pursuant to this Agreement. The Members are listed on Exhibit A, as may be updated from time to time according to the terms of this Agreement. Each Member has the rights and obligations specified in this Agreement.

"Membership Interest" means the entire ownership interest of a Member in the Company at any particular time, including the right to any and all benefits to which a Member may be entitled as provided in this Agreement and under the Massachusetts Limited Liability Company Act, together with the obligations of the Member to comply with all of the terms and provisions of this Agreement.

"Ownership Interest" means the Percentage Interest or Units, as applicable, based on the manner in which relative ownership of the Company is divided.

"Percentage Interest" means the percentage of ownership in the Company that, with respect to each Member, entitles the Member to a Membership Interest and is expressed as either:

A. If ownership in the Company is expressed in terms of percentage, the percentage set forth opposite the name of each Member on Exhibit A, as may be adjusted from time to time pursuant to this Agreement; or

B. If ownership in the Company is expressed in Units, the ratio, expressed as a percentage, of:

(1) the number of Units owned by the Member (expressed as "MU" in the equation below) divided by



- (2) the total number of Units owned by all of the Members of the Company (expressed as "TU" in the equation below).

$$\text{Percentage Interest} = \frac{MU}{TU}$$

"Person" means an individual (natural person), partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

"Units" mean, if ownership in the Company is expressed in Units, units of ownership in the Company, that, with respect to each Member, entitles the Member to a Membership Interest which, if applicable, is expressed as the number of Units set forth opposite the name of each Member on Exhibit A, as may be adjusted from time to time pursuant to this Agreement.

## ARTICLE 2: CAPITAL CONTRIBUTIONS, ADDITIONAL MEMBERS, CAPITAL ACCOUNTS AND LIMITED LIABILITY

**2.1 Initial Capital Contributions.** The names of all Members and each of their respective addresses, initial Capital Contributions, and Ownership Interests must be set forth on Exhibit A. Each Member has made or agrees to make the initial Capital Contribution set forth next to such Member's name on Exhibit A to become a Member of the Company.

**2.2 Subsequent Capital Contributions.** Members are not obligated to make additional Capital Contributions unless unanimously agreed by all the Members. If subsequent Capital Contributions are unanimously agreed by all the Members in a consent in writing, the Members may make such additional Capital Contributions on a pro rata basis in accordance with each Member's respective Percentage Interest or as otherwise unanimously agreed by the Members.

### **2.3 Additional Members.**

A. With the exception of a transfer of interest (1) governed by Article 7 of this Agreement or (2) otherwise expressly authorized by this Agreement, additional Persons may become Members of the Company and be issued additional Ownership Interests only if approved by and on terms determined by a unanimous written agreement signed by all of the existing Members.

B. Before a Person may be admitted as a Member of the Company, that Person must sign and deliver to the Company the documents and instruments, in the form and containing the information required by the Company, that the Members deem necessary or desirable. Membership Interests of new Members will be allocated according to the terms of this Agreement.

**2.4 Capital Accounts.** Individual Capital Accounts must be maintained for each Member, unless (a) there is only one Member of the Company and (b) the Company is exempt according to applicable tax laws. Capital Accounts must be maintained in accordance with all applicable tax laws.

**2.5 Interest.** No interest will be paid by the Company or otherwise on Capital Contributions or on the balance of a Member's Capital Account.

**2.6 Limited Liability; No Authority.** A Member will not be bound by, or be personally liable for, the expenses, liabilities, debts, contracts, or obligations of the Company, except as otherwise provided in this Agreement or as required by the Massachusetts Limited Liability Company Act. Unless expressly provided in this Agreement, no Member, acting alone, has any authority to undertake or assume any obligation, debt, or responsibility, or otherwise act on behalf of, the Company or any other Member.

### ARTICLE 3: ALLOCATIONS AND DISTRIBUTIONS

**3.1 Allocations.** Unless otherwise agreed to by the unanimous consent of the Members any income, gain, loss, deduction, or credit of the Company will be allocated for accounting and tax purposes on a pro rata basis in proportion to the respective Percentage Interest held by each Member and in compliance with applicable tax laws.

**3.2 Distributions.** The Company will have the right to make distributions of cash and property to the Members on a pro rata basis in proportion to the respective Percentage Interest held by each Member. The timing and amount of distributions will be determined by the Members in accordance with the Massachusetts Limited Liability Company Act.

**3.3 Limitations on Distributions.** The Company must not make a distribution to a Member if, after giving effect to the distribution:

A. The Company would be unable to pay its debts as they become due in the usual course of business; or

B. The fair value of the Company's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of Members, if any, whose preferential rights are superior to those of the Members receiving the distribution.

## ARTICLE 4: MANAGEMENT

### 4.1 Management.

A. **Generally.** Subject to the terms of this Agreement and the Massachusetts Limited Liability Company Act, the business and affairs of the Company will be managed by the Members.

B. **Approval and Action.** Unless greater or other authorization is required pursuant to this Agreement or under the Massachusetts Limited Liability Company Act for the Company to engage in an activity or transaction, all activities or transactions must be approved by the Members, to constitute the act of the Company or serve to bind the Company. With such approval, the signature of any Members authorized to sign on behalf of the Company is sufficient to bind the Company with respect to the matter or matters so approved. Without such approval, no Members acting alone may bind the Company to any agreement with or obligation to any third party or represent or claim to have the ability to so bind the Company.

C. **Certain Decisions Requiring Greater Authorization.** Notwithstanding clause B above, the following matters require unanimous approval of the Members in a consent in writing to constitute an act of the Company:

- (i) A material change in the purposes or the nature of the Company's business;
- (ii) With the exception of a transfer of interest governed by Article 7 of this Agreement, the admission of a new Member or a change in any Member's Membership Interest, Ownership Interest, Percentage Interest, or Voting Interest in any manner other than in accordance with this Agreement;
- (iii) The merger of the Company with any other entity or the sale of all or substantially all of the Company's assets; and

- (iv) The amendment of this Agreement.

**4.2 Officers.** The Members are authorized to appoint one or more officers from time to time. The officers will have the titles, the authority, exercise the powers, and perform the duties that the Members determine from time to time. Each officer will continue to perform and hold office until such time as (a) the officer's successor is chosen and appointed by the Members; or (b) the officer is dismissed or terminated by the Members, which termination will be subject to applicable law and, if an effective employment agreement exists between the officer and the Company, the employment agreement. Subject to applicable law and the employment agreement (if any), each officer will serve at the direction of Members, and may be terminated, at any time and for any reason, by the Members.

## ARTICLE 5: ACCOUNTS AND ACCOUNTING

**5.1 Accounts.** The Company must maintain complete accounting records of the Company's business, including a full and accurate record of each Company transaction. The records must be kept at the Company's principal executive office and must be open to inspection and copying by Members during normal business hours upon reasonable notice by the Members wishing to inspect or copy the records or their authorized representatives, for purposes reasonably related to the Membership Interest of such Members. The costs of inspection and copying will be borne by the respective Member.

**5.2 Records.** The Members will keep or cause the Company to keep the following business records.

- (i) An up to date list of the Members, each of their respective full legal names, last known business or residence address, Capital Contributions, the amount and terms of any agreed upon future Capital Contributions, and Ownership Interests, and Voting Interests;
- (ii) A copy of the Company's federal, state, and local tax information and income tax returns and reports, if any, for the six most recent taxable years;
- (iii) A copy of the articles of organization of the Company, as may be amended from time to time ("Articles of Organization"); and

- (iv) An original signed copy, which may include counterpart signatures, of this Agreement, and any amendments to this Agreement, signed by all then-current Members.

**5.3 Income Tax Returns.** Within 45 days after the end of each taxable year, the Company will use its best efforts to send each of the Members all information necessary for the Members to complete their federal and state tax information, returns, and reports and a copy of the Company's federal, state, and local tax information or income tax returns and reports for such year.

**5.4 Subchapter S Election.** The Company may, upon unanimous consent of the Members, elect to be treated for income tax purposes as an S Corporation. This designation may be changed as permitted under the Internal Revenue Code Section 1362(d) and applicable Regulations.

**5.5 Tax Matters Member.** Anytime the Company is required to designate or select a tax matters partner pursuant to Section 6231(a)(7) of the Internal Revenue Code and any regulations issued by the Internal Revenue Service, the Members must designate one of the Members as the tax matters partner of the Company and keep such designation in effect at all times.

**5.6 Banking.** All funds of the Company must be deposited in one or more bank accounts in the name of the Company with one or more recognized financial institutions. The Members are authorized to establish such accounts and complete, sign, and deliver any banking resolutions reasonably required by the respective financial institutions in order to establish an account.

## ARTICLE 6: MEMBERSHIP – VOTING AND MEETINGS

**6.1 Members and Voting Rights.** The Members have the right and power to vote on all matters with respect to which the Articles of Organization, this Agreement, or the Massachusetts Limited Liability Company Act requires or permits. Unless otherwise stated in this Agreement (for example, in Section 4.1(c)) or required under the Massachusetts Limited Liability Company Act, the vote of the Members holding at least a majority of the Voting Interest of the Company is required to approve or carry out an action.

**6.2 Meetings of Members.** Annual, regular, or special meetings of the Members are not required but may be held at such time and place as the Members deem necessary or desirable for the reasonable management of the Company. A written notice

setting forth the date, time, and location of a meeting must be sent within a reasonable period of time before the date of the meeting to each Member entitled to vote at the meeting. A Member may waive notice of a meeting by sending a signed waiver to the Company's principal executive office or as otherwise provided in the Massachusetts Limited Liability Company Act. In any instance in which the approval of the Members is required under this Agreement, such approval may be obtained in any manner permitted by the Massachusetts Limited Liability Company Act, including by conference call or similar communications equipment. Any action that could be taken at a meeting may be approved by a consent in writing that describes the action to be taken and is signed by Members holding the minimum Voting Interest required to approve the action. If any action is taken without a meeting and without unanimous written consent of the Members, notice of such action must be sent to each Member that did not consent to the action.

#### ARTICLE 7: WITHDRAWAL AND TRANSFERS OF MEMBERSHIP INTERESTS

**7.1 Withdrawal.** Members may withdraw from the Company prior to the dissolution and winding up of the Company (a) by transferring or assigning all of their respective Membership Interests pursuant to Section 7.2 below, or (b) if all of the Members unanimously agree in a written consent. Subject to the provisions of Article 3, a Member that withdraws pursuant to this Section 7.1 will be entitled to a distribution from the Company in an amount equal to such Member's Capital Account.

**7.2 Restrictions on Transfer; Admission of Transferee.** A Member may not transfer any Membership Interests, whether now owned or later acquired, unless Members holding all of the Percentage Interests not subject to transfer consent to such transfer. A person may acquire Membership Interests directly from the Company upon the written consent of all Members. A Person that acquires Membership Interests in accordance with this Section 7.2 will be admitted as a Member of the Company only after the requirements of Section 2.3(b) are complied with in full.

#### ARTICLE 8: DISSOLUTION

**8.1 Dissolution.** The Company will be dissolved upon the first to occur of the following events:

- (i) The vote of the Members holding at least a majority of the Voting Interest of the Company to dissolve the Company;

- (ii) Entry of a decree of judicial dissolution under Section 44 of the Massachusetts Limited Liability Company Act;
- (iii) At any time that there are no Members, unless and provided that the Company is not otherwise required to be dissolved and wound up, within 90 days after the occurrence of the event that terminated the continued membership of the last remaining Member, the legal representative of the last remaining Member agrees in writing to continue the Company and (i) to become a Member; or (ii) to the extent that the last remaining Member assigned its interest in the Company, to cause the Member's assignee to become a Member of the Company, effective as of the occurrence of the event that terminated the continued membership of the last remaining Member;
- (iv) The sale or transfer of all or substantially all of the Company's assets;
- (v) A merger or consolidation of the Company with one or more entities in which the Company is not the surviving entity.

**8.2 No Automatic Dissolution Upon Certain Events.** Unless otherwise set forth in this Agreement or required by applicable law, the death, incapacity, disassociation, bankruptcy, or withdrawal of a Member will not automatically cause a dissolution of the Company.

## ARTICLE 9: INDEMNIFICATION

**9.1 Indemnification.** The Company has the power to defend, indemnify, and hold harmless any Person who was or is a party, or who is threatened to be made a party, to any Proceeding (as that term is defined below) by reason of the fact that such Person was or is a Member, officer, employee, representative, or other agent of the Company, or was or is serving at the request of the Company as a director, Governor, officer, employee, representative or other agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise (each such Person is referred to as a "Company Agent"), against Expenses (as that term is defined below), judgments, fines, settlements, and other amounts (collectively, "Damages") to the maximum extent now or hereafter permitted under Massachusetts law. "Proceeding," as used in this Article 9, means any threatened, pending, or completed action, proceeding, individual claim or matter within a proceeding, whether civil, criminal,

administrative, or investigative. "Expenses," as used in this Article 9, includes, without limitation, court costs, reasonable attorney and expert fees, and any expenses incurred relating to establishing a right to indemnification, if any, under this Article 9.

**9.2 Mandatory.** The Company must defend, indemnify and hold harmless a Company Agent in connection with a Proceeding in which such Company Agent is involved if, and to the extent, Massachusetts law requires that a limited liability company indemnify a Company Agent in connection with a Proceeding.

**9.3 Expenses Paid by the Company Prior to Final Disposition.** Expenses of each Company Agent indemnified or held harmless under this Agreement that are actually and reasonably incurred in connection with the defense or settlement of a Proceeding may be paid by the Company in advance of the final disposition of a Proceeding if authorized by a vote of the Members that are not seeking indemnification holding a majority of the Voting Interests (excluding the Voting Interest of the Company Agent seeking indemnification). Before the Company makes any such payment of Expenses, the Company Agent seeking indemnification must deliver a written undertaking to the Company stating that such Company Agent will repay the applicable Expenses to the Company unless it is ultimately determined that the Company Agent is entitled or required to be indemnified and held harmless by the Company (as set forth in Sections 9.1 or 9.2 above or as otherwise required by applicable law).

## ARTICLE 10: GENERAL PROVISIONS

**10.1 Notice.** (a) Any notices (including requests, demands, or other communications) to be sent by one party to another party in connection with this Agreement must be in writing and delivered personally, by reputable overnight courier, or by certified mail (or equivalent service offered by the postal service from time to time) to the following addresses or as otherwise notified in accordance with this Section: (i) if to the Company, notices must be sent to the Company's principal executive office; and (ii) if to a Member, notices must be sent to the Member's last known address for notice on record. (b) Any party to this Agreement may change its notice address by sending written notice of such change to the Company in the manner specified above. Notice will be deemed to have been duly given as follows: (i) upon delivery, if delivered personally or by reputable overnight carrier or (ii) five days after the date of posting if sent by certified mail.

**10.2 Entire Agreement; Amendment.** This Agreement along with the Articles of Organization (together, the "Organizational Documents"), constitute the entire



agreement among the Members and replace and supersede all prior written and oral understandings and agreements with respect to the subject matter of this Agreement, except as otherwise required by the Massachusetts Limited Liability Company Act. There are no representations, agreements, arrangements, or undertakings, oral or written, between or among the Members relating to the subject matter of this Agreement that are not fully expressed in the Organizational Documents. This Agreement may not be modified or amended in any respect, except in a writing signed by all of the Members, except as otherwise required or permitted by the Massachusetts Limited Liability Company Act.

**10.3 Governing Law; Severability.** This Agreement will be construed and enforced in accordance with the laws of the commonwealth of Massachusetts. If any provision of this Agreement is held to be unenforceable by a court of competent jurisdiction for any reason whatsoever, (i) the validity, legality, and enforceability of the remaining provisions of this Agreement (including without limitation, all portions of any provisions containing any such unenforceable provision that are not themselves unenforceable) will not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the unenforceable provision will be deemed modified and replaced by a provision that approximates the intent and economic effect of the unenforceable provision and the Agreement will be deemed amended accordingly.

**10.4 Further Action.** Each Member agrees to perform all further acts and execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

**10.5 No Third Party Beneficiary.** This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other Person or entity will have or acquire any right by virtue of this Agreement. This Agreement will be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

**10.6 Incorporation by Reference.** The recitals and each appendix, exhibit, schedule, and other document attached to or referred to in this Agreement are hereby incorporated into this Agreement by reference.

**10.7 Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all of the Members signed the same copy. All counterparts will be construed together and will constitute one agreement.

*[Remainder Intentionally Left Blank.]*

## **EXHIBIT A**

### **MEMBERS**

The Members of the Company, Capital Contributions, and Ownership Interests are set forth below. The Members agree to keep this Exhibit A current and updated in accordance with the Terms of this Agreement, including, but not limited to, Sections 2.1, 2.3, 2.4, 7.1, 7.2 and 10.1.

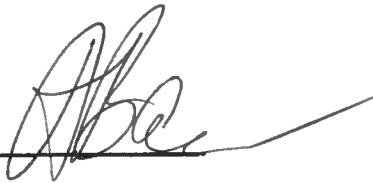
<b>Members</b>	<b>Capital Contributions</b>	<b>Percentage Interest</b>
Art Babayan	150,000.00	67%
Tigran Damiani	120,000.00	33%

The Members of the Company, Capital Contributions, and Ownership Interests are set forth below. The Members agree to keep this Exhibit A current and updated in accordance with the Terms of this Agreement, including, but not limited to, Sections 2.1, 2.3, 2.4, 7.1, 7.2 and 10.1.

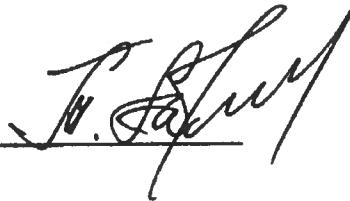
IN WITNESS WHEREOF, the parties have executed or caused to be executed this Operating Agreement and do each hereby represent and warrant that their respective signatory, whose signature appears below, has been and is, on the date of this Agreement, duly authorized to execute this Agreement.

Date: 05-14-2018

Signature of Art Babayan

A handwritten signature in black ink, appearing to be 'Art Babayan', written over a horizontal line.

Signature of Tigran Damiani

A handwritten signature in black ink, appearing to be 'T. Damiani', written over a horizontal line.

**LC<sup>2</sup>**

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**LC SQUARE, LLC**

## **BUSINESS PLAN**

### **Marijuana Cultivation Facility**

**STRICTLY CONFIDENTIAL - DO NOT SHARE WITHOUT PRIOR WRITTEN CONSENT**

**Created by: Art Babayan CEO**

# Outline

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- 1) Executive Summary
- 2) Market Analysis
- 3) Organization & Management
- 4) Products
- 5) Marketing
- 6) Growth
- 7) Financial Projections

## Executive Summary

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**LC<sup>2</sup>'s** cultivation facility will be located in Adams Massachusetts where **LC<sup>2</sup>** owns a 37,000 sq ft building. . The facility is well positioned and it matches the ideal picture of a cultivation facility.

**LC<sup>2</sup>** will be involved in legal cultivation of marijuana with a valid Tier-3 Cultivation license issued by the state of Massachusetts.

We are in marijuana cultivation business to grow variety of adult use cannabis as permitted by state law. Our management team are comprised of top-notch managers, engineers and cultivators well trained and qualified. We will engage in wholesale of our high quality products to local retail shops and manufacturers. In the future we will also establish an online platform for shops in Massachusetts to place their orders (as permitted by law).

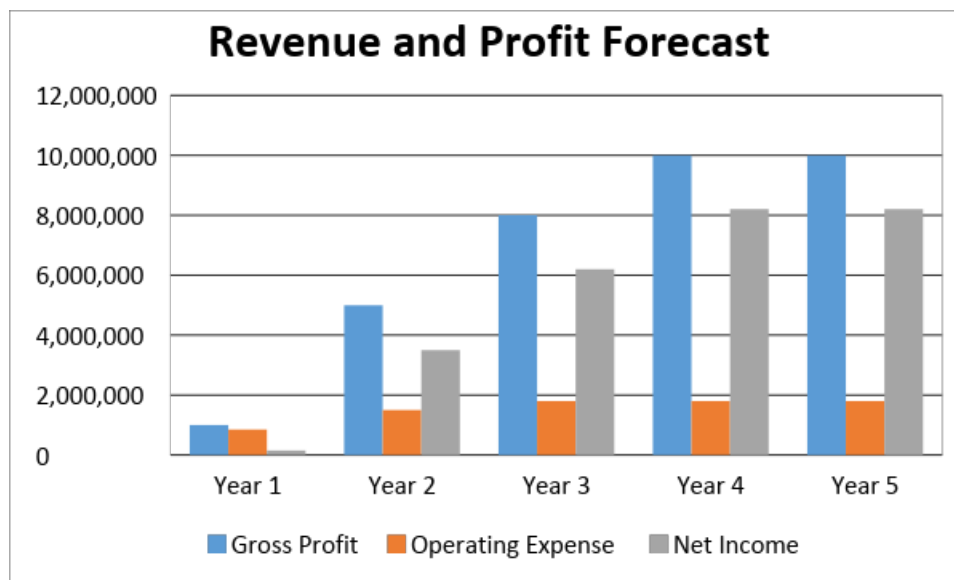
**LC<sup>2</sup>** plans to operate 7 days a week cultivation facility with the latest state of the art security system. Our workforce is going to be well trained to operate within the framework of our company's corporate culture and also to meet the needs of all our customers.

LC<sup>2</sup>'s phase one will allow up to 1000 plants comprised of various indica and sativa strains that the marketplace demands.

### Business Objectives:

- Obtain Massachusetts Cannabis Cultivation License
- Build a successful commercial cultivation facility along with recognizable brand in the fast-past and growing industry.
- To be fully compliant with all state and local regulations and be primed and ready for national expansion as federal status may change.
- To be supplying one of the best high-quality cannabis products in the state of Massachusetts to dispensaries and manufacturers.

### Financial Forecast



### Key Milestones

2018: Secure license and commence construction.

2019: Start cultivation and produce 4 crops/turns. Brand and distribute high quality product throughout Massachusetts.

2020: Expand production to phase two.

### Start-up Summary

The total investment required for first year that the business starts operating is approximately 1,000,000 USD. Initial investment would cover start-up cost and fixed expenses until profit is achieved during the second year.

Expenses	Quarter 1	QTR 2	QTR 3	QTR 4	Total
Legal fee/Licensing	10,000	20,000	20,000	50,000	100,000
Building Lease	5,000	10,000	10,000	25,000	50,000
		100,00	250,00	250,00	
Build up/Equipment	0	0	0	0	600,000
Security equipment	0	0	0	30,000	30,000
Salaries	0	0	0	0	0
Seeds and other growing products	0	0	0	50,000	50,000
					830,000

# Analysis

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## Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

S	W	O	T
<ul style="list-style-type: none"><li>&gt; Recreational use of Marijuana legalized in MA.</li><li>&gt; Cultivation license</li><li>&gt; Cultivation and management teams</li><li>&gt; Legal team</li></ul>	<ul style="list-style-type: none"><li>&gt; Banking relationship</li><li>&gt; Crop loss possibility due to pests, heat, humidity or human error.</li><li>&gt; High energy consumption.</li></ul>	<ul style="list-style-type: none"><li>&gt; High Growth industry.</li><li>&gt; Trend toward Federal legalization.</li></ul>	<ul style="list-style-type: none"><li>&gt; Federal law enforcement</li><li>&gt; Significant drop in wholesale pricing.</li></ul>

# Operating Plan

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## Indoor Cultivation and Design

Most businesses in any industry try to keep startup costs as low as possible. It is not necessarily the best way to proceed when opening a cultivation facility. Creating a cost-efficient cultivation site often involves investing in technology and processes that can result in a bigger startup cost and initial investment.

The three primary methods of cannabis cultivation are:

a) Indoor b) Outdoor and c) Greenhouse

Indoor cultivation- produces year-round cultivation and can generally produce 4-6 harvests per year depending on operational efficiency.

Outdoor cultivation- produces one harvest per year in this region.

Greenhouse- combines elements of indoor and outdoor. Can produce between 1-4 harvests per year.



**LC<sup>2</sup>** will be utilizing an indoor cultivation program, which will allow producing more harvests per year and minimizing the risk by maintaining tightly controlled growing environment with proper HVAC and lighting systems.

Indoor growing facility will combine the latest technology in HVAC, light and environmental controls. It will also include irrigation, integrated pest management (IPM) techniques.

1. Heating and cooling systems are very important components of marijuana growing facility. The biggest advantage we will have is professionally designed and built facility with the latest HVAC technologies to control humidity levels.
2. Good blackout and light control system is required for the best flowering production. We will design and implement the latest and greatest technology.

Ventilation and CO<sub>2</sub> is essential for maximizing the quality flowers. We will build the system in accordance with local requirements and regulations.

3. Nutrient management is also one of the key components of the entire system. Computer control system will be installed. It will monitor all the nutrients in addition to light, blackout, air circulation, CO<sub>2</sub> and irrigation needs.
4. Rolling benches and growing tables will be utilized throughout the facility. They provide up to 40% more plant space by eliminating the need for a dedicated aisle. This will reflect in higher production and therefore higher profits. Main features will include: aluminum sides and ends, top quality plastic trays.

## **Security Plan**

### Facility Access

- All external doors and gates will be secured by commercial locks rated to ANSI grade 1, require biometric and card access.
- All usable marijuana products, harvested plants, and finished product will be securely stored indoor, secured by steel doors and steel frames with card and biometric access.
- All exterior doors, windows and any other point of entries will be securely locked and monitored at all times.

### Facility Alarm and Monitoring

- Facility will have an alarm system design to activate upon unauthorized breach/access of any door, window or other point of entry.
- The alarm system will be capable of detecting unauthorized access to any portion of the facility.
- The alarm system will provide notification to an authorized representative in the event of any unauthorized entry.
- The alarm system will provide a mechanism to contact law enforcement by one or more methods, i.e. panic buttons, operational landline, mobile panic button.

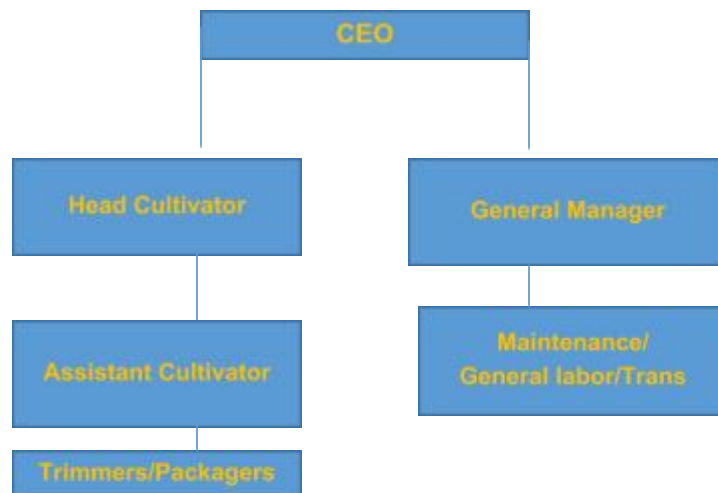
### Facility Video Surveillance

- Facility will be equipped with a CCTV video surveillance system.
- Cameras will cover all of entry/exits in all directions.
- All cameras will record continuously 24 hours a day at a resolution of 1280x720 pixels.
- Cameras will cover all areas where marijuana will be present and record at a minimum of 10 frames per second.
- The surveillance room will contain a list of personnel and authorized to access the surveillance system.

- We will keep a log of all maintenance activity for the surveillance equipment including the name of the individual, date and time of access, and reason for access.
- The surveillance system will include a backup battery that will provide at least one hour of continuous recording in event of any power failure.
- The surveillance system will include a monitor capable of viewing video from any cameras, a digital achieving device, and a printer.

## Organization Structure-Roles/Responsibilities

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**LC<sup>2</sup>** is a business that is owned and managed by Art Babayan. Art is the Chief Executive Officer who has a Masters degree and 20 years of experience in managing large organizations across multiple geographical locations with proven track record of successfully establishing and implementing business plans in the technology sector.

### **Chief Executive Officer – CEO:**

- Responsible for providing business direction.
- Responsible for creating, communicating, and implementing the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for establishing distribution channels.
- Responsible for fixing prices and signing business deals.
- Responsible for recruitment.
- Responsible for payment of salaries.
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization

### **Head Cultivator**

- Responsible for all growing/trimming and overall crop quality and quantity.
- Design, implementation and control of all HVAC, CO<sub>2</sub> and other ventilation setting in all environments.
- Design, implementation and control of all nutrient management and control of the computer system.
- Design, implementation and control of all schedules for blackout and light control.
- Design of room and table layouts.
- Crop collection, daily maintenance and storage of final products.
- Handles any other duty as assigned by the CEO

## **General Manager-Facilities and Transportation**

- Responsible for all facility alarm and monitoring systems. Helps to ensure consistency and compliance with rules and regulation for facility management.
- Responsible for all video surveillance systems and facility access.
- Ensures that the organization operates within stipulated budget
- Responsible for all facility maintenance and general labor.
- Responsible for all transportation needs including incoming and outgoing.

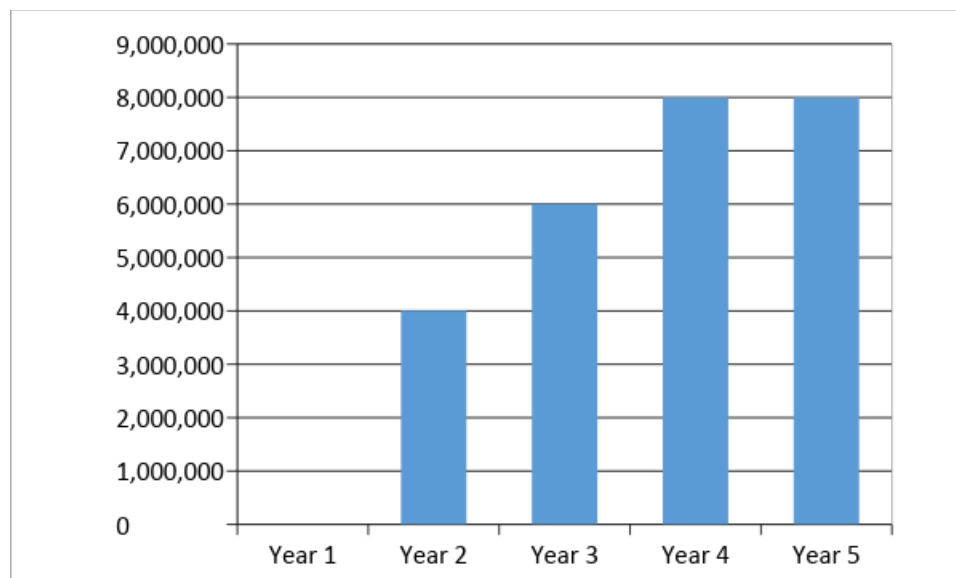
## **Information Technologist**

- Manages the organization website
- Handles ecommerce aspect of the business
- Responsible for installing and maintenance of computer software and hardware for the organization
- Manages logistics and supply chain software, Web servers, e-commerce software and POS (point of sale) systems
- Manages the organization's CCTV
- Handles any other technological and IT related duties

# Financial Projections

Profit and Loss Forecast					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5+
Revenue		3,500,00	6,200,00	6,200,00	7,000,00
Direct Cost	1,000,00	1,500,00	1,800,00	1,800,00	2,000,00
Gross profit		5,000,00	8,000,00	8,000,00	9,000,00
<b>Operating Expenses</b>					
Initial and General cost	850,000	0	0	50,000	50,000
Operating expenses	150,000	100,000	100,000	125,000	150,000
Salaries-Cultivation/Transportation		150,000	150,000	175,000	200,000

## Sales Forecast



As growing stage will only start after the grant of final license and facility readiness, no sales are planned during the first year and it will significantly increase from year 2 onwards.

# LC2 Plan for Obtaining Liability Insurance

(This document is a summary of the LC2 Plan to obtain Liability Insurance.)

## **Purpose**

The purpose of this plan is to outline how LC Square, LLC. ("LC2") will obtain and maintain the required General Liability and Product Liability insurance coverage as required pursuant to 935 CMR 500.105(10), or otherwise comply with this requirement.

## **Research**

LC2 has engaged with multiple insurance providers offering General and Product Liability Insurance coverage in the amounts required in 935 CMR 500.105(10). These providers are established in the legal marijuana industry and serve operators in several states with legal programs. We are continuing these discussions with the insurance providers and will engage with the provider who best suits the needs of the company once we receive a Provisional License.

## **Plan**

1. Once LC2 receives its Provisional Marijuana Establishment License we will engage with an insurance provider who is experience in the legal marijuana industry.
  - a. LC2 will obtain and maintain general liability insurance coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually, and product liability insurance coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually.
  - b. The deductible for each policy shall be no higher than \$5,000 per occurrence.
2. In the event that LC2 cannot obtain the required insurance coverage, LC2 will place a minimum of \$250,000 in an escrow account. These funds will be used solely for the coverage of liabilities.
  - a. LC2 will replenish this account within ten business days of any expenditure.
3. LC2 will maintain reports documenting compliance with 935 CMR 500.105(10) in a manner and form determined by the Commission and make these reports available to the Commission up request.

# Policy for Separating Recreational from Medical Operations

**Not Applicable**

(LC2, Inc. is not a Medical Marijuana Treatment Center or Existing RMD Applicant)



# LC2 Policy for Restricting Access to Age 21 and Older (Cultivation)

## Intent

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LC Square, LLC. ("LC2") operations will be compliant with all regulations outlined in 935 CMR 500.000 et. seq. ("the Regulations") and any other requirements or sub-regulatory guidance issued by the Massachusetts Cannabis Control Commission ("CNB") or any other regulatory agency.

## Purpose

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The purpose of this policy is to outline the responsibilities of the Company, the Company's management team and Agents to ensure specific, methodical, and consistent compliance of the Regulations and to ensure that access to our facility is restricted to only persons who are 21 years of age or older.

## Definitions

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**Law Enforcement Authorities** means local law enforcement unless otherwise indicated.

**Marijuana Establishment Agent** means a board member, director, employee, executive, manager, or volunteer of a Marijuana Establishment, who is **21 years of age or older**. Employee includes a consultant or contractor who provides on-site services to a Marijuana Establishment related to the cultivation, harvesting, preparation, packaging, storage, testing, or dispensing of marijuana.

**Visitor** means an individual, other than a Marijuana Establishment Agent authorized by the Marijuana Establishment, on the premises of an establishment for a purpose related to its operations and consistent with the objectives of St. 2016, c. 334, as amended by St. 2017, c. 55 and 935 CMR 500.000, provided, however, that **no such individual shall be younger than 21 years old**.

## Responsibilities

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The LC2 Management team is responsible for ensuring that all persons who enter the facility or are otherwise associated with the operations of LC2 are over the age of 21.

## Access to the Facility

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The LC2 cultivation facility located at 173 Howland Avenue in Adams allows only the following individuals access to our facility. For the purposes of this Policy the term facility also refers to any vehicle owned, leased, rented or otherwise used by LC2 for the transportation of Marijuana:

1. LC2 Agents (including board members, directors, employees, executives, managers, or volunteers)

- a. Must have a valid Agent Registration Card issued by the Commission
  - b. All LC2 Agents are verified to be 21 years of age or older prior to being issued a Marijuana Establishment Agent card.
- 2. Visitors (including outside vendors and contractors)
  - a. Prior to being allowed access to the facility or any Limited Access Area, the visitor must produce a Government issued Identification Card to a member of the management team and have their age verified to be 21 years of age or older.
    - i. If there is any question as to the visitors age, or if the visitor cannot produce a Government Issued Identification Card, they will not be granted access.
  - b. After the age of the visitor is verified they will be given a Visitor Identification Badge
  - c. Visitors will be escorted at all times by a marijuana establishment agent authorized to enter the limited access area.
  - d. Visitors will be logged in and out of the facility and must return the Visitor Identification Badge upon exit.
    - i. The visitor log will be available for inspection by the Commission at all times
- 3. Access to the Commission, Emergency Responders and Law Enforcement.
  - a. The following individuals shall have access to a Marijuana Establishment or Marijuana Establishment transportation vehicle:
    - i. Representatives of the Commission in the course of responsibilities authorized by St. 2016, c. 334, as amended by St. 2017, c. 55 or 935 CMR 500.000;
    - ii. Representatives of other state agencies of the Commonwealth; and
    - iii. Emergency responders in the course of responding to an emergency.
    - iv. Law enforcement personnel or local public health, inspectional services, or other permit-granting agents acting within their lawful jurisdiction.
  - b. Individuals described above in this policy will be granted immediate access to the facility.

# LC2 Policy for Quality Control and Testing of Marijuana and Marijuana Products

(This document is a summary of the Policy and Procedure for Quality Control and Testing of Marijuana and Marijuana Products that LC2 plans to implement once licensed. This plan may be amended once the design and buildout of our facility is complete)

## Intent

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To provide clear and concise instructions for LC Square, LLC. ("LC2") employees on Quality Control and Testing that are compliant with the Regulations

LC2 is committed to being compliant with all regulations outlined in 935 CMR 500.000 et. seq. ("the Regulations") and any other requirements or sub-regulatory guidance issued by the Massachusetts Cannabis Control Commission ("CNCB") or any other regulatory agency.

LC2 is committed to cultivating healthy, high quality, contaminate free marijuana. Contaminants such as mold, fungus, bacterial diseases, rot, pests, pesticides not in compliance with 500.120(5) for use on marijuana and mildew are the biggest threat to a marijuana cultivation facility and its products. LC2 will utilize Best Management Practices ("BMP") for the prevention and treatment of possible contaminants using the safest and least invasive means.

LC2 will also implement an industry standard, robust Integrated Pest Management ("IPM") program focusing on preventing pest problems rather than reacting to them. Preventing pest problems in a cultivation facility entails minimizing pest access to the facility and the food and shelter available to it. Consequently, IPM relies heavily on the cooperation and participation of all employees.

Superb quality control and the testing of marijuana products are essential for the operation of the LC2 Cultivation Facility. LC2 uses best industry practices when it comes to quality control and product testing.

## General Requirements

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Quality Control will be maintained through the strict adherence to Good Manufacturing Practices and compliance with 935 CMR 500.000 et. seq, 105 CMR 590.000: *Minimum Sanitation Standards for Food Establishments*, the sanitation requirement in 105 CMR 500.000: *Good Manufacturing Practices for Food*, and with the requirements for food handlers specified in 105 CMR 300.000: *Reportable Diseases, Surveillance, and Isolation and Quarantine*.

All Products that LC2 will sell or transfer to other Marijuana Establishment will be tested in accordance with the regulations and this policy.

LC2 will not sell or otherwise market marijuana for adult use that is not capable of being tested by Independent Testing Laboratories, except as allowed under 935 CMR 500.000.

Any testing results indicating noncompliance with M.G.L. c.132B and the regulations at 333 CMR 2.00 through 333 CMR 14.00 will be immediately reported to the Commission, who may refer any such result to the Massachusetts Department of Agricultural Resources.

LC2 will satisfy minimum energy efficiency and equipment standards established by the Commission and meet all applicable environmental laws, regulations, permits and other applicable approvals, including those related to water quality and solid and hazardous waste management, prior to obtaining a final license under 935 CMR 500.103(2)

LC2 will adopt and use additional best management practices as determined by the Commission, in consultation with the working group established under section 78(b) of St. 2017, c. 55, to reduce energy and water usage, engage in energy conservation and mitigate other environmental impacts, and shall provide energy and water usage reporting to the Commission in a form determined by the Commission. These energy efficiency and equipment standards include:

1. The building envelope for our facility will meet minimum Massachusetts Building Code requirements and all Massachusetts amendments (780 CMR: *State Building Code*), International Energy Conservation Code (IECC) Section C.402 or The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Chapters 5.4 and 5.5 as applied or incorporated by reference in 780 CMR: *State Building Code*, except that facilities using existing buildings may demonstrate compliance by showing that the envelope insulation complies with code minimum standards for Type Factory Industrial F-1, as further defined in guidelines issued by the Commission.
2. The Lighting Power Densities (LPD) for our cultivation space will not exceed an average of 36 watts per gross square foot of active and growing space canopy, but for Tier 1 and Tier 2 a requirement of 50 watts per gross square foot of active canopy or growing unless otherwise determined in guidelines issued by the Commission.
3. Our Heating Ventilation and Air Condition (HVAC) and dehumidification systems will meet Massachusetts Building Code requirements and all Massachusetts amendments (780 CMR: *State Building Code*), IECC Section C.403 or ASHRAE Chapter 6 as applied or incorporated by reference in (780 CMR: *State Building Code*).
4. LC2 will establish documented safety protocols to protect workers and consumers (e.g., eye protection near operating grow light).
5. LC2 understands and acknowledges that the Commission may further define these standards, or create reasonable exemptions or modifications, through guidelines issued in consultation with the energy and environmental standards working group established under St. 2017, c. 55, § 78(b), including but not limited to provisions for greenhouses and agricultural buildings.

## Definitions

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**Cultivation Batch** means a collection of cannabis or marijuana plants from the same seed or plant stock that are cultivated and harvested together, and receive an identical propagation and cultivation treatment including, but not limited to: growing media, ambient conditions, watering and light regimes and agricultural or hydroponic inputs. Clones that come from the same plant are one batch. The marijuana licensee shall assign and record a unique, sequential alphanumeric identifier to each cultivation batch for the purposes of production tracking, product labeling and product recalls.

**Independent Testing Laboratory** means a laboratory that is licensed by the Commission and is:

- (a) Accredited to the International Organization for Standardization 17025 (ISO/IEC 17025: 2017) by a third-party accrediting body that is a signatory to the International Laboratory Accreditation Accrediting Cooperation mutual recognition arrangement or that is otherwise approved by the Commission;
- (b) Independent financially from any Medical Marijuana Treatment Center (RMD), Marijuana Establishment or licensee for which it conducts a test; and
- (c) Qualified to test cannabis or marijuana in compliance with 935 CMR 500.160 and M.G.L. c. 94C, § 34.

**Marijuana** means all parts of any plant of the genus Cannabis, not excepted in (a) through (c) and whether growing or not; the seeds thereof; and resin extracted from any part of the plant; clones of the plant; and every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin including tetrahydrocannabinol as defined in M.G.L. c. 94G, § 1; provided that cannabis shall not include:

- (a) the mature stalks of the plant, fiber produced from the stalks, oil, or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture or preparation of the mature stalks, fiber, oil, or cake made from the seeds of the plant or the sterilized seed of the plant that is incapable of germination;
- (b) hemp; or
- (c) the weight of any other ingredient combined with cannabis or marijuana to prepare topical or oral administrations, food, drink or other products.

**Marijuana Products** means cannabis or marijuana and its products unless otherwise indicated. These include products have been manufactured and contain cannabis or marijuana or an extract from cannabis or marijuana, including concentrated forms of marijuana and products composed of marijuana and other ingredients that are intended for use or consumption, including edible products, beverages, topical products, ointments, oils and tinctures.

**Process or Processing** means to harvest, dry, cure, trim and separate parts of the cannabis or marijuana plant by manual or mechanical means, except it shall not include manufacture as defined in 935 CMR 500.002.

**Production Batch** means a batch of finished plant material, cannabis resin, cannabis concentrate, or marijuana-infused product made at the same time, using the same methods, equipment and ingredients. The licensee shall assign and record a unique, sequential alphanumeric identifier to each production batch for the purposes of production tracking, product labeling and product recalls. All production batches shall be traceable to one or more cannabis or marijuana cultivation batches.

## **Quality Control- Sanitation Standard Operating Procedure (SSOP)**

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### **Facility**

The LC2 Cultivation facility ("the facility") will be designed and constructed with safe food handling and sanitation in mind. All equipment in the facility will comply with the design and construction standards of appropriate nationally recognized standards and/or code requirements and bear the certification mark of an ANSI accredited organization (e.g. NSF, UL, ETL).

1. All product contact surfaces will be smooth, durable and easily cleanable.
2. The walls, ceiling and floors of all cultivation, processing and storage areas will be constructed of materials that are smooth, durable and can be adequately kept clean and in good repair.
  - a. There must be coving at base junctures that is compatible with both wall and floor coverings. The coving should provide at least 1/4-inch radius and 4" in height.
3. The facility will provide sufficient space for the placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations and the production of safe marijuana products.
4. Floor drains and floors are effectively sloped and designed prevent pooling water. Drains have proper grating to prevent blockage and stopping of drains.
5. Overhead fixtures, ducts and pipes are designed as to prevent drips or condensate from potential contamination of marijuana products or marijuana products-packaging materials. Piping and conduit is at least 25 mm (2.5 cm) from the walls and ceilings.
6. Aisles or working spaces are provided between equipment and walls and are adequately unobstructed and of adequate width to permit employees to perform their duties and to protect against contaminating infused or marijuana products or infused or marijuana products- contact surfaces with clothing or personal contact.
7. Lighting and Light Fittings - Shatter-proof or safety-type light bulbs, fixtures, or other glass is used where lighting is suspended over cultivation, processing or storage areas or otherwise protect against marijuana product contamination in case of glass breakage.
  - a. Suspended lighting is constructed from non- corrodible and cleanable assemblies.
  - b. Adequate lighting is installed in hand-washing areas, dressing and locker rooms, and toilet rooms and in all areas where infused or marijuana products is examined, processed, or stored and where equipment or utensils are cleaned.
  - c. All light bulbs used in the production, processing and storage areas are shatterproof and/or protected with plastic covers.
  - d. Adequate safety lighting in all production, processing and storage areas, as well as areas where equipment or utensils are cleaned
8. Buildings, fixtures, and other physical facilities will be constructed in such a manner that allow them to be maintained in a sanitary condition
9. Ventilation - Adequate ventilation or control equipment to minimize odors and vapors (including steam and noxious fumes) is installed in areas where they may contaminate marijuana products.
  - a. Fans and other air-blowing equipment shall be operated in a manner that minimizes the potential for contaminating infused or marijuana products, infused or marijuana products-packaging materials, and infused or marijuana products-contact surfaces.
10. Hand-washing facilities will be adequate and convenient and shall be furnished with running water at a suitable temperature.
  - a. Located in all production and processing areas and where good sanitary practices require employees to wash and sanitize their hands

- b. Provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices
- 11. The facility water supply comes from the Town of Adams municipal water supply and is sufficient for necessary operations.
- 12. The facilities plumbing will be of adequate size and design, and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the facility.
  - a. Plumbing shall properly convey sewage and liquid disposable waste from the facility.
  - b. There will be no cross-connections between the potable and waste water lines;
- 13. The facility will provide its employees with adequate, readily accessible toilet facilities that will be maintained in a sanitary condition and in good repair.
- 14. All storage areas will be constructed in a manner that will protect its contents against physical, chemical, and microbial contamination as well as against deterioration of marijuana products or their containers.

### **Contamination Control**

- 1. All entrance and exit doors to the facility will be self-closing and rodent proof;
  - a. Air curtains will prevent insects and microbial contaminants from entering the building when doors are in use
  - b. Insect screening, HEPA, and carbon filters will prevent pest and microbial contaminants from entering through vents and exhaust from the outside
  - c. Foot baths and sticky mats are strategically placed thru out the facility to collect pest and contaminants from foot ware
- 2. Employee and visitor gowning
  - a. Employees are required to change out of their street clothes and footwear into uniforms and footwear dedicated to the facility
  - b. Visitors are required to secure personal belongings and done jump suits and disposable boot covers
- 3. Training
  - a. All employees will be trained on pest prevention, pest management, pest detection, and pest treatments.
- 4. Traps for monitoring
  - a. Small sticky traps for monitoring of flying or airborne pest shall be posted, mapped and levels of any pest monitored/documented.
- 5. Handling and storage of marijuana product or marijuana plant waste
  - a. All marijuana plant waste will be placed in the "Marijuana Waste" container located in each cultivation and processing area.
    - i. This container must impervious and covered
  - b. At the end of every day the "Marijuana Waste" container must be emptied, and the contents transferred to the Marijuana Waste Room
  - c. All plant waste will be stored in the waste room in sealed containers until disposal
- 6. Handling and storage of non-marijuana waste.
  - a. All non-marijuana waste will be placed into the appropriate impervious covered waste receptacles

- i. Recyclable
    - ii. Organic
    - iii. Solid waste
  - b. At the end of every day these containers will be emptied, and the contents removed from the building and placed in the appropriate containers to await pickup
7. All toxic materials including cleaning compounds, pesticides, sanitizers, etc. will be stored in an area away from production, processing and storage areas.

## **Sanitation**

All marijuana products will be prepared, handled, and stored in compliance with;

- The sanitation requirements in 105 CMR 500.000: *Good Manufacturing Practices for Food*;
  - The sanitation requirements in 105 CMR 590.000: *Minimum Sanitation Standards for Food Establishments*; and
  - The requirements for food handlers specified in 105 CMR 300.000: *Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements*
1. Storage- Separate storage rooms will be utilized for finished marijuana products
  2. Hand Washing- The facility will have a separate handwashing sink; hand drying device, or disposable towels; supply of hand cleaning agent; and waste receptacle for each processing, production, utensil washing area, and toilet room.
    - a. Sinks used for product preparation or for washing equipment or utensils shall not be used for handwashing.
    - b. Each handwashing sink will be provided with hot and cold water tempered by means of a mixing valve or a combination faucet to provide water at a temperature of at least 110 degrees Fahrenheit.
    - c. Handwashing sinks will be of sufficient number and conveniently located for use by all employees in the production, processing and utensil washing areas. Handwashing sinks will be easily accessible and may not be used for purposes other than handwashing
  3. Toilet Room- A toilet room shall be available for use by all workers. Ventilation will be provided by mechanical means. A soap dispenser and disposable towels shall be provided for hand washing in toilet rooms.
  4. Manual Cleaning and Sanitizing- For manual cleaning and sanitizing of equipment and utensils, a stainless steel three-compartment sink will be used.
    - a. The sink compartments shall be large enough to hold the largest pot, pan or piece of equipment.
    - b. Each compartment will be supplied with adequate hot and cold potable running water
    - c. Integral drainboards of adequate size shall be provided on both sides of the sink for cleaned and soiled utensils
    - d. A floor drain will be located in the immediate vicinity of the sink in areas where wet pots, utensils and equipment are air-drying.
    - e. Stainless Steel racks, shelves or dish tables are to be provided adjacent to the warewash sink.



- f. An approved chemical test kit for determining sanitizer strength will be available and used.
- g. Manual Warewashing Procedure
  - i. Rinse, scrape, or soak all items before washing.
  - ii. Record the date, sanitizer water temperature or test strip results, and initial record on Manual Warewashing Monitoring Form
  - iii. Wash items in the first sink in a detergent solution. Water temperature should be at least 110°F. Use a brush, cloth, or scrubber to loosen remaining soil. Replace detergent solution when suds are gone or water is dirty.
  - iv. Immerse or spray-rinse items in second sink. Water temperature should be at least 110°F. Remove all traces of food and detergent. If using immersion method, replace water when it becomes cloudy, dirty, or sudsy.
  - v. Immerse items in third sink filled with hot water or a chemical-sanitizing solution.
    1. If hot water immersion is used, the water temperature must be at least 180°F. Items must be immersed for 30 seconds. Proper personal protective equipment should be worn.
    2. If chemical sanitizing is used, the sanitizer must be mixed at the proper concentration. (Check at regular intervals with a test kit.) Water must be correct temperature for the sanitizer used.
      - a. The strength of the sanitizer must be measured in accordance with manufacturer's instructions.
  - vi. To avoid recontamination of clean and sanitary items:
    1. Air dry all items on a drainboard.
    2. Wash hands prior to returning to storage.

### Warewashing Sink Setup

WASH	RINSE	SANITIZE
110°F	110°F	180°F or
Soapy Water	Clear Water	Chemical Sanitizer

Chemical Solution	Concentration Level	Minimum Temperature	Minimum Immersion Time
Chlorine Solution	25mg/l minimum	120°F	10 seconds
	50mg/l minimum	100°F	10 seconds
	100mg/l minimum	55°F	10 seconds
Iodine Solution	12.5-25.0mg/l	75°F	30 seconds
Quaternary Ammonium Solution	200 ppm maximum	75°F	30 seconds

- h. Equipment Cleaning and Sanitizing Procedure
  - i. Disassemble removable parts from equipment
  - ii. Use the three-sink method to wash, rinse, and sanitize all parts. Verify sanitizer concentration for each meal period and as necessary per policy.
    - 1. Quaternary ammonia –200 ppm and immerse for 30 seconds
    - 2. Iodine –12.5-25.0 ppm and immerse for 30 seconds
    - 3. Chlorine –50-99ppm and immerse for 7 seconds
  - iii. Wash, rinse, and sanitize all food contact surfaces of the equipment that are stationary.
  - iv. Allow all parts of the equipment to air dry.
  - v. After being rinsed and sanitized, equipment and utensils should not be rinsed before air-drying, unless the rinse is applied directly from a ware washing Machine or the sanitizing solution calls for rinsing off the sanitizer after it has been applied in a commercial ware washing Machine.
  - vi. Re-assemble the equipment.
- i. Product Preparation Surfaces- These surfaces will 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.
  - i. Prescrape surface to remove gross soils.
  - ii. Wash surface with recommended strength solution of pot & pan detergent.
  - iii. Rinse with water and wipe dry.
  - iv. Using trigger sprayer bottle and a different wiping cloth, apply sanitizing solution of sanitizer.
    - 1. Per label directions, use appropriate test papers to determine correct concentration of the sanitizer solution. Surfaces must remain wet for 60 seconds
  - v. Allow to air dry.

## **Personnel**

- 1. Any employee or contractor who, by medical examination or supervisory observation, is shown to have, or appears to have, any disease transmissible through food, an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination by which there is a reasonable possibility of marijuana products, production or processing surfaces, or packaging materials becoming contaminated, shall be excluded from any operations which may be expected to result in such contamination until the condition is corrected. Personnel shall be instructed to report such health conditions to their supervisors.
  - a. Any manager, when he or she knows or has reason to believe that an employee has contracted any disease transmissible through food or has become a carrier of such disease, or any disease listed in 105 CMR 300.200(A) will report the same immediately by email to the Adams Board of Health.
  - b. LC2 will voluntarily comply with any and all isolation and/or quarantine orders issued by the Adams Board of Health or the Department of Public Health.

- c. LC2 Agents must report any flu-like symptoms, diarrhea, and/or vomiting to their supervisor. Employees with these symptoms will be sent home with the exception of symptoms from a noninfectious condition
    - i. Agents may be re-assigned to activities so that there is no risk of transmitting a disease through food/product.
2. All LC2 Agents shall conform to sanitary practices while on duty, including
  - a. Maintain adequate personal cleanliness:

Grooming:

- i. Arrive at work clean – clean hair, teeth brushed, bathed and used deodorant daily.
- ii. Maintain short, clean, and polish-free fingernails. No artificial nails are permitted in the food/product production or processing area.
  - a. Fingernails should be trimmed, filed, and maintained so edges and surfaces are cleanable and not rough.
- iii. Wash hands (including under fingernails) and up to forearms vigorously and thoroughly with soap and warm water for a period of 20 seconds:
  - When entering the facility before work begins.
  - Immediately before preparing or processing products or handling equipment.
  - As often as necessary during cultivation or product preparation when contamination occurs.
  - In the restroom after toilet use and when you return to your work station.
  - When switching between working areas
  - After touching face, nose, hair, or any other body part, and after sneezing or coughing.
  - After cleaning duties.
  - Between each task performed and before wearing disposable gloves.
  - After eating or drinking.
  - Any other time an unsanitary task has been performed – i.e. taking out garbage, handling cleaning chemicals, picking up a dropped item, etc.
- a. Wash hands only in hand sinks designated for that purpose.
- b. Dry hands with single use towels. Turn off faucets using a paper towel, in order to prevent recontamination of clean hands.

Proper Attire:

- i. Wear appropriate clothing – clean uniform with sleeves and clean non-skid close-toed work shoes (or leather tennis shoes) that are comfortable for standing and working on floors that can be slippery.
- ii. Wear apron or lab coat on site, as appropriate.
  - Do not wear apron or lab coat to and from work.
  - Take off apron or lab coat before using the restroom.
  - Remove apron or lab coat when leaving the production or processing area.

- Change apron or lab coat if it becomes soiled or stained.
- iii. Wear disposable gloves with any cuts, sores, rashes, or lesions.
- iv. Wear gloves when handling products or product ingredients that will not be heated-treated.
- v. Wear gloves when packaging products
- vi. Change disposable gloves as often as handwashing is required. Wash hands before donning and after discarding gloves.

**Hair Restraints and Jewelry:**

- i. Wear a hair net or bonnet in any food/product production or processing area so that all hair is completely covered.
- ii. Keep beards and mustaches neat and trimmed. Beard restraints are required in any food/product production or processing area.
- iii. Refrain from wearing jewelry in the food/product production and processing area.
  - Only a plain wedding band.
  - No necklaces, bracelets, or dangling jewelry are permitted.
  - No earrings or piercings that can be removed are permitted.

**Cuts, Abrasions, and Burns:**

- i. Bandage any cut, abrasion, or burn that has broken the skin.
- ii. Cover bandages on hands with gloves and finger cots and change as appropriate.
- iii. Inform supervisor of all wounds.

**Smoking, eating, and gum chewing:**

- i. The LC2 facility is a smoke free facility. No smoking or chewing tobacco shall occur on the premises.
- ii. Eat and drink in designated areas only. A closed beverage container may be used in the production area if the container is handled to prevent contamination of 1) the employee's hands, 2) the container, and 3) exposed product, clean equipment and utensils.
- iii. Refrain from chewing gum or eating candy during work in a food/product production or processing area.

**HACCP- Hazard Analysis and Critical Control Point**

LC2 will implement a HACCP plan in accordance with *the HACCP Principles & Application Guidelines* issued by the FDA. This HACCP plan will address the processing, production and packaging of all marijuana products that LC2 will manufacture. Once operational LC2 will:

1. Assemble the HACCP team
2. Describe the product and its distribution
3. Describe the intended use and consumers of the product
4. Develop a flow diagram which describes each process
5. Verify the flow diagram

6. Conduct a hazard analysis for each product (Principle 1)
7. Determine critical control points (CCPs) for each product (Principle 2)
8. Establish critical limits (Principle 3)
9. Establish monitoring procedures (Principle 4)
10. Establish corrective actions (Principle 5)
11. Establish verification procedures (Principle 6)
12. Establish record-keeping and documentation procedures (Principle 7)

## **Training**

LC2 will provide training and training opportunities to all of its employees. In addition to required training, LC2 will encourage advanced training to all employees in the areas of Plant Safety, Safe Cultivation Processes, Good Manufacturing Practices and HACCP.

1. All employees will be trained on basic plant safety prior to or during the first day of employment.
  - a. Include basic product safety training as part of new employee orientation.
  - b. The sanitation requirements in 105 CMR 500.000: Good Manufacturing Practices for Food;
  - c. The sanitation requirements in 105 CMR 590.000: Minimum Sanitation Standards for Food Establishments; and
  - d. The requirements for food handlers specified in 105 CMR 300.000: Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements
2. All employees engaging in the trimming or packaging will be trained and certified in;
  - a. A nationally accredited Food Handler Program (i.e. SERV Safe)
3. Provide staff with at least bi-annual training on plant safety, Good Manufacturing Practices and HACCP.
4. Monthly in-service training.
5. Require all managers to be Certified Food Protection Managers (CFPM) by completing a SERVSAFE or similar nationally accredited food safety certification course.
6. Use outside resources, such as Extension specialists, vendors, health department inspectors, or qualified trainers to provide plant safety and HACCP training.
7. Observe staff to ensure they demonstrate plant safety knowledge each day in the workplace.
8. Document the content of all training sessions and attendance.
9. File documentation in HACCP records.

## **Testing of Marijuana and Marijuana Products**

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LC2 sampling and testing policies and procedures are compliant with the testing requirements outlined in 935 CMR 725.160 and the *“Protocol for sampling and analysis of finished medical marijuana products and marijuana-infused products for Massachusetts Registered Medical Marijuana Dispensaries”* published by DPH.

Testing of environmental media (e.g., soils, solid growing media, and water) shall be performed in compliance with the *“Protocol for Sampling and Analysis of Environmental Media for Massachusetts Registered Medical Marijuana Dispensaries”* published by the DPH.

LC2 will contract with a Licensed Independent Testing Laboratory to test all marijuana batches prior to packaging to ensure contaminant-free purity and correct dosage and potency. We have begun discussions with several Marijuana Testing laboratories which are Accredited to International Organization for Standardization (ISO) 17025 by a third-party accrediting body that is a signatory to the International Laboratory Accreditation Cooperation (ILAC) Mutual Recognition Arrangement. Any Laboratory that LC2 contracts with will be Licensed by the Commission prior to LC2 contracting them for testing services.

1. This testing lab will pick up and transport our testing samples to and from their lab. This transportation will comply with the LC2 policies and procedures and 935 CMR 500.105(13) if applicable.
2. LC2 will ensure that the storage of all marijuana products at the laboratory complies with 935 CMR 500.105(11).
3. Any and all excess LC2 marijuana product samples used in testing will be disposed of in compliance with 935 CMR 500.105(12), either by the Independent Testing Laboratory returning excess marijuana to the LC2 Facility for disposal or by the Independent Testing Laboratory disposing of it directly

LC2 will not sell or otherwise market for adult use any Marijuana Product that is not capable of being tested by Independent Testing Laboratories, except as allowed under 935 CMR 500.000. The product must be deemed to comply with the standards required under 935 CMR 500.160

Required testing includes:

1. Cannabinoid Profile
2. Contaminants as specified by the Department including, but not limited to:
  - a. Mold
  - b. Mildew
  - c. Heavy metals
  - d. Plant-Growth Regulators and Pesticides that are compliant with M.G.L. c. 132B and the regulations promulgated at 333 CMR 2.00 through 333 CMR 14.00.
  - e. Bacteria
  - f. Fungi
  - g. Mycotoxins.

LC2 will maintain the results of all testing for no less than one year.

LC2 will arrange for testing to be conducted in accordance with the frequency required by the Department.

If a batch of marijuana fails a quality assurance test, it will be quarantined and stored away from other product and the Department will be notified within 72 hours of these results. LC2 will submit to the Department upon their request, any information regarding contamination. The batch will be retested, remediated or destroyed as determined by Management.

Any notifications indicating contamination that cannot be remediated will include a proposed plan for destruction of contaminated product and assessment of the source of contamination.

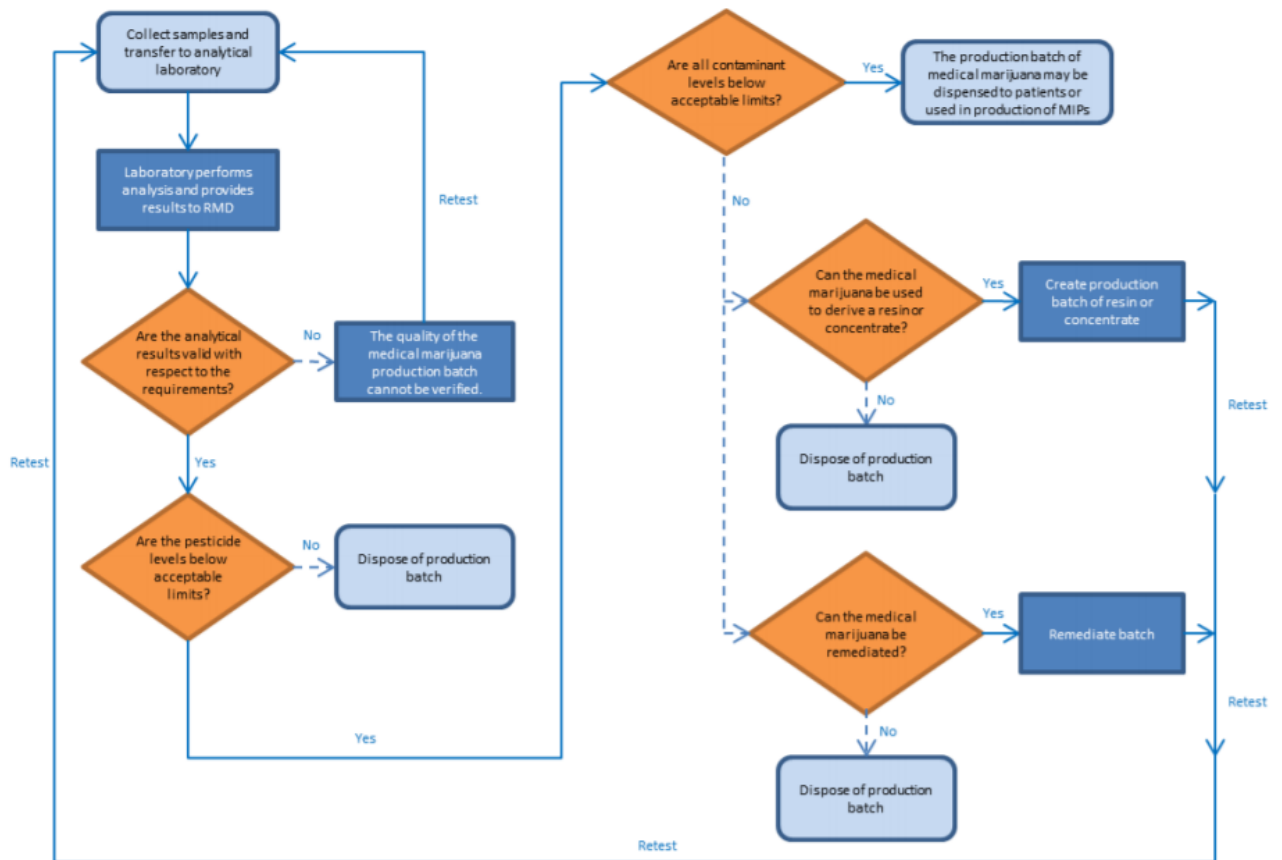
## Policy for Responding to Laboratory Results that Indicate Contaminant Levels are Above Acceptable Limits

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If a laboratory test result indicates that a LC2 marijuana product sample has contaminant levels above the acceptable limits established in the DPH protocols identified in 935 CMR 500.160(1) LC2 will:

1. Immediately segregate the cultivation or production batch and evaluate next steps.
  - a. Using the flow chart below (*Actions in Response to Laboratory Analytical Results*), the Cultivation Manager and CEO will determine whether to:
    - i. Retest the Cultivation/Production Batch
    - ii. Remediate the Cultivation/Production Batch
    - iii. Dispose of Cultivation/Production Batch
2. If the test result indicates has a contaminant level for Pesticides that is above the acceptable limits the Production Batch will be immediately disposed of.
3. If it is determined that the Production Batch cannot be remediated, it will be disposed of.
4. In the case of disposal under 1 and 2 above the LC2 Cultivation Manager or CEO will:
  - a. Notify the Commission within 72 hours of the laboratory testing results indicating that the contamination cannot be remediated.
  - b. The notification to the Commission will describe the proposed plan of action for both the destruction of the contaminated product and the assessment of the source of contamination.
5. In the case of any test result that indicates that a LC2 marijuana product sample has contaminant levels above the acceptable limits, the Cultivation Manger and CEO will conduct an assessment of the source of the contamination.
  - a. This extensive assessment will include investigating all possible sources of contamination including water, media, nutrients, environmental conditions and employee factors.
  - b. The assessment should include a corrective action plan and be shared as a training tool with all LC2 agents.

## Actions in Response to Laboratory Analytical Results







# LC2 Personnel Policies

(This document is a summary of the Personnel Policies for LC2 Inc. including our draft policy for background checks. This plan may be amended once we are licensed and hiring employees)

## **Intent**

LC Square, LLC. ("LC2") is committed to being compliant with all regulations outlined in 935 CMR 500.000 et. seq. ("the Regulations") and any other requirements or sub-regulatory guidance issued by the Massachusetts Cannabis Control Commission ("the Commission") or any other regulatory agency.

To provide clear and concise instructions for LC2 employees regarding Personnel Policies that are compliant with the Regulations.

## **Purpose**

The purpose of this policy is to outline the responsibilities of the Company, the Company's management team and Agents to ensure specific, methodical, and consistent compliance of the Regulations and to ensure that our personnel policies are compliant with all regulations and laws.

## **Personnel Records**

LC2 will 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 LC2 agent. Such records shall be maintained for at least 12 months after termination of the individual's affiliation with LC2 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 agreement that includes duties, authority, responsibilities, qualifications, and supervision;
  - d. Documentation of all required training, including training regarding privacy and confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received said training and the topics discussed, including the name and title of presenters;
  - e. Documentation of periodic performance evaluations;
  - f. A record of any disciplinary action taken; and
  - g. Notice of completed responsible vendor and eight-hour related duty training.
  - h. Emergency contact information
3. A staffing plan that will demonstrate accessible business hours and safe cultivation conditions;
4. Personnel policies and procedures; and
5. All background check reports obtained in accordance with 935 CMR 500.030.

These Personnel Records will be held electronically and in hard copy. The electronic records will be stored in a secure server with encryption software that protects against unauthorized access to the files. Access to the electronic records will only be allowed to LC2 Management agents who require access. as

part of their job duties. Hard Copy (written records) will be stored in a secure, locked cabinet in a locked room accessible to only LC2 Management agents who require access. These records will be made available for inspection by the Commission upon request.

### **LC2 Agents**

All LC2 board members, directors, employees, executives, managers or volunteers will register with the Commission as a LC2 Marijuana Establishment Agent ("LC2 Agent"). For clarity an employee means, any consultant or contractor who provides on-site services to a Marijuana Establishment related to the cultivation, harvesting, preparation, packaging, storage, testing, or dispensing of marijuana.

All LC2 Agents shall;

1. Be 21 years of age or older;
2. Not 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
3. Be determined suitable for registration consistent with the provisions of 935 CMR 500.800 and 500.802.

LC2 will submit to the Commission an application for every LC2 Agent, this application will include;

1. The full name, date of birth, and address of the individual;
2. All aliases used previously or currently in use by the individual, including maiden name, if any;
3. 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;
4. An attestation that the individual will not engage in the diversion of marijuana products;
5. 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;
6. Background information, including, as applicable:
  - a. 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;
  - b. 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;
  - c. 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;
  - d. 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; and

7. A nonrefundable application fee paid by the Marijuana Establishment with which the marijuana establishment agent will be associated; and
8. Any other information required by the Commission.

The LC2 COO will register with the Department of Criminal Justice Information Systems pursuant to 803 CMR 2.04: iCORI Registration and will 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 LC2 seeks a marijuana establishment agent registration, obtained within 30 days prior to submission.

LC2 will notify the Commission no more than one business day after a LC2 agent ceases to be associated with the establishment. The registration shall be immediately void when the agent is no longer associated with the establishment.

The Agent registration card is valid for one year from the date of issue, LC2 will renew each LC2 Agent Registration Card on an annual basis upon a determination by the Commission that the applicant for renewal continues to be suitable for registration.

After obtaining a registration card for a LC2 Agent registration card, LC2 will notify the Commission, in a form and manner determined by the Commission, as soon as possible, but in any event, within five 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.

All LC2 Agents will carry the registration card at all times while in possession of marijuana products, including at all times while at the establishment or while transporting marijuana products.

### **Background Checks**

LC2 will comply with all Background Check requirements in the regulations and any other sub-regulatory guidance issued by the Commission.

**Application Process-** During the application process LC2 will complete the Background Check Packet as outlined in 935 CMR 500.101(1)(b) which includes;

1. The list of individuals and entities in 935 CMR 500.101(1)(a)1. (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);
2. Information for each individual identified in 935 CMR 500.101(1)(a)1., which shall include:
  - a. The individual's full legal name and any aliases;
  - b. The individual's address;
  - c. The individual's date of birth;

- d. A photocopy of the individual's driver's license or other government-issued identification card;
  - e. A CORI Acknowledgment Form, pursuant to 803 CMR 2.09: Requirements for Requestors to Request CORI, provided by the Commission, signed by the individual and notarized;
  - f. Authorization to obtain a full set of fingerprints, in accordance with M.G.L. c. 94G, § 21, submitted in a form and manner as determined by the Commission;
3. Relevant Background Check Information. Applicants for licensure will also be required to information detailing involvement in any criminal or civil or administrative matters:
- a. 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 including, but not limited to, action against any health care facility or facility for providing marijuana for medical or recreational purposes, in which those individuals either owned shares of stock or served as board member, executive, officer, director or member, and which resulted in conviction, or guilty plea, or plea of nolo contendere, or admission of sufficient facts;
  - b. A description and the relevant dates of any civil action under the laws of the Commonwealth, another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority, including, but not limited to a complaint relating to any professional or occupational or fraudulent practices;
  - c. A description and relevant dates of any past or pending legal or enforcement actions in any other state against any board member, executive, officer, director or member, or against any entity owned or controlled in whole or in part by them, related to the cultivation, processing, distribution, or sale of marijuana for medical or recreational purposes;
  - d. A description and the relevant dates of any administrative action, including any complaint, order or disciplinary action, by the Commonwealth, or like action by another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority, including, but not limited to any complaint or issuance of an order relating to the denial, suspension, or revocation of a license, registration, or certification;
  - e. A description and relevant dates of any administrative action, including any complaint, order or disciplinary action, by the Commonwealth, or a like action by another state, the United States or foreign jurisdiction, or a military, territorial, Native American tribal authority or foreign jurisdiction, with regard to any professional license, registration, or certification, held by any board member, executive, officer, director, or member that is part of the applicant's application, if any;
  - f. A description and relevant dates of actions against a license to prescribe or distribute controlled substances or legend drugs held by any board member, executive, officer, director or member that is part of the applicant's application, if any; and
  - g. Any other information required by the Commission.

LC2 will not present any individual in our application whose background check will result in a Mandatory Disqualification or Presumptive Negative Suitability Determination as outlined in Table A of 935 CMR 500.801.

**Background Checks not included in the Application Process-** For all Marijuana Establishment Agent Registrations not included in the application process LC2 will submit Marijuana Establishment Agent applications for all required individuals. LC2 will perform its own due diligence in the hiring of employees and contractors and will not knowingly submit an employee or contractor's application if the background check would result in a Mandatory Disqualification or Presumptive Negative Suitability Determination as outlined in Table D of 935 CMR 500.802.

### **Equal Employment Policy**

It is the policy of LC2 to provide equal employment opportunities to all employees and employment applicants without regard to unlawful considerations of race, religion, creed, color, national origin, sex, pregnancy, sexual orientation, gender identity, age, ancestry, physical or mental disability, genetic information, marital status or any other classification protected by applicable local, state or federal laws. This policy prohibits unlawful discrimination based on the perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. This policy applies to all aspects of employment, including, but not limited to, hiring, job assignment, working conditions, compensation, promotion, benefits, scheduling, training, discipline and termination.

LC2 expects all employees to support our equal employment opportunity policy, and to take all steps necessary to maintain a workplace free from unlawful discrimination and harassment and to accommodate others in line with this policy to the fullest extent required by law. For example, LC2 will make reasonable accommodations for employees' observance of religious holidays and practices unless the accommodation would cause an undue hardship on LC2 operations. If you desire a religious accommodation, you are required to make the request in writing to your manager as far in advance as possible. You are expected to strive to find co-workers who can assist in the accommodation (e.g. trade shifts) and cooperate with LC2 in seeking and evaluating alternatives.

Moreover, in compliance with the Americans with Disabilities Act (ADA), LC2 provides reasonable accommodations to qualified individuals with disabilities to the fullest extent required by law. LC2 may require medical certification of both the disability and the need for accommodation. Keep in mind that LC2 can only seek to accommodate the known physical or mental limitations of an otherwise qualified individual. Therefore, it is your responsibility to come forward if you are in need of an accommodation. LC2 will engage in an interactive process with the employee to identify possible accommodations, if any will help the applicant or employee perform the job.

### **Anti-Harassment and Sexual Harassment Policy**

LC2 seeks to promote a workplace that is free from discrimination and harassment, whether based on race, color, gender, age, religion, creed, national origin, ancestry, sexual orientation, marital status or disability. Inappropriate interference with the ability of LC2's employees to perform their expected job duties is not tolerated.

It is illegal and against LC2's policy for any employee, male or female, to harass another employee. Examples of such harassment include making sexual advances or favors or other verbal or physical conduct of a sexual nature a condition of any employee's employment; using an employee's submission to or rejection of such conduct as the basis for, or as a factor in, any employment decision affecting the individual; or otherwise creating an intimidating, hostile, or offensive working environment by such conduct.

The creation of an intimidating, hostile, or offensive working environment may include but is not limited to such actions as persistent comments on an employee's sexual preferences, the display of obscene or sexually oriented photographs or drawings, or the telling of sexual jokes. Conduct or actions that arise out of a personal or social relationship and that are not intended to have a discriminatory employment effect may not be viewed as harassment. LC2 will determine whether such conduct constitutes sexual harassment, based on a review of the facts and circumstances of each situation.

LC2 will not condone any sexual harassment of its employees. All employees, including supervisors and managers, will be subject to severe discipline, up to and including discharge, for any act of sexual harassment they commit.

LC2 will not condone sexual harassment of its employees by non-employees, and instances of such harassment should be reported as indicated below for harassment by employees.

If you feel victimized by sexual harassment you should report the harassment to your manager immediately. If your immediate manager is the source of the alleged harassment, you should report the problem to the Human Resources Department.

Managers who receive a sexual harassment complaint should carefully investigate the matter, questioning all employees who may have knowledge of either the incident in question or similar problems. The complaint, the investigative steps and findings, and disciplinary actions (if any) should be documented as thoroughly as possible.

Any employee who makes a complaint, or who cooperates in any way in the investigation of same, will not be subjected to any retaliation or discipline of any kind.

In addition to the above, if you believe you have been subjected to sexual harassment, you may file a formal complaint with either or both of the government agencies set forth below. Using our complaint process does not prohibit you from filing a complaint with these agencies. Each of the agencies has a short time period for filing a claim (EEOC - 300 days; MCAD - 300 days).

**The United States Equal Employment Opportunity Commission ("EEOC")** One Congress Street,  
10th Floor Boston, MA 02114, (617) 565-3200.

**The Massachusetts Commission Against Discrimination ("MCAD")** One Ashburton Place,  
Rm. 601, Boston, MA 02108, (617) 994-6000.

### **Americans with Disability Act**

LC2 strongly supports the policies of the Americans with Disabilities Act and is completely committed to treating all applicants and employees with disabilities in accordance with the requirements of that act. LC2 judge's individuals by their abilities, not their disabilities, and seeks to give full and equal employment opportunities to all persons capable of performing successfully in the company's positions. LC2 will provide reasonable accommodations to any persons with disabilities who require them, who advise LC2 of their particular needs. Information concerning individuals' disabilities and their need for accommodation will of course be handled with the utmost discretion.

### **Drug/Alcohol Free Workplace**

LC2 is committed to providing its employees with a safe and productive work environment. In keeping with this commitment, it maintains a strict policy against the use of alcohol and the unlawful use of drugs in the workplace. Consequently, no employee may consume or possess alcohol, or use, possess, sell, purchase or transfer illegal drugs at any time while on LC2's premises or while using LC2 vehicles or equipment, or at any location during work time.

No employee may report to work with illegal drugs (or their metabolites) or alcohol in his or her bodily system. The only exception to this rule is that employees may engage in moderate consumption of alcohol that may be served and/or consumed as part of an authorized Company social or business event. "Illegal drug" means any drug that is not legally obtainable or that is legally obtainable but has not been legally obtained. It includes prescription drugs not being used for prescribed purposes or by the person to whom it is prescribed or in prescribed amounts. It also includes any substance a person holds out to another as an illegal drug.

Any violation of this policy will result in disciplinary action, up to and including termination.

Any employee who feels he or she has developed an addiction to, dependence upon, or problem with alcohol or drugs, legal or illegal, is strongly encouraged to seek assistance before a violation of this policy occurs. Any employee who requests time off to participate in a rehabilitation program will be reasonably accommodated. However, employees may not avoid disciplinary action, up to and including termination, by entering a rehabilitation program after a violation of this policy is suspected or discovered.

### **Smoke Free Workplace**

Smoking is prohibited throughout the workplace. This policy applies equally to all employees, clients, partners, and visitors.

### **Employee Assistance Policy**

To help employees in circumstances where counseling services would be helpful, LC2 will make an Employee Assistance Program (EAP) counseling service available to employees, when needed, at no personal cost.



### **Dismissal of LC2 Agents for Certain Violations**

If a LC2 Agent is found to have committed any of the following violations that agent will immediately be dismissed and have their Marijuana Establishment Registration Card confiscated. Diverted marijuana;

1. Engaged in unsafe practices (including diversion) with regard to operation of the Marijuana Establishment; or
2. 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

The CEO will immediately be notified of any of these instances. The CEO will make a detailed report of the event and notify the Commission within 24 hours. In the case of a LC2 Agent who has diverted marijuana, the CEO will also notify local law enforcement within 24 hours of the occurrence.

### **Employee Handbook**

LC2 will provide a comprehensive employee handbook to all employees that will outline all the information pertinent to their employment with LC2, LLC. These subjects will include, but not be limited to;

1. The LC2 Mission and Vision
2. Organizational Structure
3. General Employment Policies
4. Employee Categories
5. Conflicts of Interest
6. Access to Personnel Files
7. Performance Evaluations
8. Hours of Work
9. Compensation
10. Benefits
11. Code of Conduct
12. Discipline
13. Training

# LC2 Record Keeping Procedure

(This document is a summary of the Record Keeping Procedure for LC2 Inc. This plan may be amended once we are licensed)

## **Intent**

To provide clear and concise instructions for LC Square, LLC. ("LC2") employees regarding Record Keeping that are compliant with the Regulations

LC2 is committed to being compliant with all regulations outlined in 935 CMR 500.000 et. seq. ("the Regulations") and any other requirements or sub-regulatory guidance issued by the Massachusetts Cannabis Control Commission ("CNB") or any other regulatory agency.

## **Purpose**

The purpose of this policy is to outline the responsibilities of the Company, the Company's management team and Agents to ensure specific, methodical, and consistent compliance of the Regulations and to ensure that our Record Keeping Procedures are compliant with all regulations and laws.

## **Access to the Commission**

LC2 electronic and hard copy (written) records will be available to the Commission upon request pursuant to 935 CMR 500.105(9). The records will be maintained in accordance with generally accepted accounting principles. All written records required in any section of 935 CMR 500.000 are subject to inspection.

## **Types of Records**

The following records will be maintained and stored by LC2 and available to the Commission upon request:

1. Operating procedures as required by 935 CMR 500.105(1)
  - a. Security measures in compliance with 935 CMR 500.110;
  - b. Employee security policies, including personal safety and crime prevention techniques;
  - c. A description of the Marijuana Establishment's hours of operation and after-hours contact information, which shall be provided to the Commission, made available to law enforcement officials upon request, and updated pursuant to 935 CMR 500.000.
  - d. Storage of marijuana in compliance with 935 CMR 500.105(11);
  - e. Description of the various strains of marijuana to be cultivated, processed or sold, as applicable, and the form(s) in which marijuana will be sold;
  - f. Procedures to ensure accurate recordkeeping, including inventory protocols in compliance with 935 CMR 500.105(8) and (9);
  - g. Plans for quality control, including product testing for contaminants in compliance with 935 CMR 500.160;
  - h. A staffing plan and staffing records in compliance with 935 CMR 500.105(9);
  - i. Emergency procedures, including a disaster plan with procedures to be followed in case of fire or other emergencies;

- j. Alcohol, smoke, and drug-free workplace policies;
  - k. A plan describing how confidential information will be maintained;
  - l. A policy for the immediate dismissal of any marijuana establishment agent who has:
    - i. Diverted marijuana, which shall be reported to law enforcement officials and to the Commission;
    - ii. Engaged in unsafe practices with regard to operation of the Marijuana Establishment, which shall be reported to the Commission; or
    - iii. 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.
  - m. A list of all board members and executives of a Marijuana Establishment, and members, if any, of the licensee must be made available upon request by any individual. 935 CMR This requirement may be fulfilled by placing this information on the Marijuana Establishment's website.
  - n. 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).
  - o. Policies and procedures to prevent the diversion of marijuana to individuals younger than 21 years old.
  - p. Policies and procedures for energy efficiency and conservation that shall include:
    - i. Identification of potential energy use reduction opportunities (including but not limited to natural lighting, heat recovery ventilation and energy efficiency measures), and a plan for implementation of such opportunities;
    - ii. Consideration of opportunities for renewable energy generation, including, where applicable, submission of building plans showing where energy generators could be placed on the site, and an explanation of why the identified opportunities were not pursued, if applicable;
    - iii. Strategies to reduce electric demand (such as lighting schedules, active load management and energy storage); and
    - iv. Engagement with energy efficiency programs offered pursuant to M.G.L. c. 25, § 21, or through municipal lighting plants.
2. Operating procedures as required by 935 CMR 500.120(12);
- a. Methods for identifying, recording, and reporting diversion, theft, or loss, and for correcting all errors and inaccuracies in inventories. The policies and procedures, at a minimum, must be in compliance with 935 CMR 500.105(8);
  - b. Policies and procedures for handling voluntary and mandatory recalls of marijuana. Such procedures shall be adequate to deal with recalls due to any action initiated at the request or order of the Commission, and any voluntary action by a Marijuana Establishment to remove defective or potentially defective marijuana from the market, as well as any action undertaken to promote public health and safety;
  - c. Policies and procedures for ensuring that any outdated, damaged, deteriorated, mislabeled, or contaminated marijuana is segregated from other marijuana and destroyed. Such procedures shall provide for written documentation of the disposition

- of the marijuana. The policies and procedures, at a minimum, must be in compliance with 935 CMR 500.105(12);
- d. Policies and procedures for transportation. The policies and procedures, at a minimum, must be in compliance with 935 CMR 500.105(13);
  - e. Policies and procedures to reduce energy and water usage, engage in energy conservation and mitigate other environmental impacts. The policies and procedures at a minimum, must be in compliance with 935 CMR 500.105(15) and 935 CMR 500.120(11); and
  - f. Policies and procedures for the transfer, acquisition, or sale of marijuana between Marijuana Establishments.
- 3. Inventory records as required by 935 CMR 500.105(8); and
  - 4. Seed-to-sale tracking records for all marijuana products are required by 935 CMR 500.105(8)(e).
  - 5. Personnel records required by 935 CMR 500.105(9)(d), including but not limited to;
    - a. Job descriptions for each employee and volunteer position, as well as organizational charts consistent with the job descriptions;
    - b. A personnel record for each marijuana establishment agent. Such records shall be
    - c. 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:
      - i. All materials submitted to the Commission pursuant to 935 CMR 500.030(2);
      - ii. Documentation of verification of references;
      - iii. The job description or employment contract that includes duties, authority, responsibilities, qualifications, and supervision
      - iv. 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;
      - v. Documentation of periodic performance evaluations;
      - vi. A record of any disciplinary action taken; and
      - vii. Notice of completed responsible vendor and eight-hour related duty training.
    - d. A staffing plan that will demonstrate accessible business hours and safe cultivation conditions;
    - e. Personnel policies and procedures; and
    - f. All background check reports obtained in accordance with 935 CMR 500.030
  - 6. Business records, which shall include manual or computerized records of:
    - a. Assets and liabilities;
    - b. Monetary transactions;
    - c. Books of accounts, which shall include journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
    - d. Sales records including the quantity, form, and cost of marijuana products; and
    - e. Salary and wages paid to each employee, stipend paid to each board member, and an 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.
  - 7. Waste disposal records as required under 935 CMR 500.105(12); and

8. Following closure of a Marijuana Establishment, all records must be kept for at least two years at the expense of the Marijuana Establishment and in a form and location acceptable to the Commission.
9. Responsible vendor training program compliance records.
10. Vehicle registration, inspection and insurance records.

All records kept and maintained by LC2 will be securely held. Access to these records will only be accessible to those LC2 Agents who require access as a part of their job duties.

# LC2 Maintenance of Financial Records Policy and Procedure

(This document is a summary of the Maintenance of Financial Records Policy and Procedure for LC2 Inc. This Policy and Procedure is applicable to the entire Company's operations and includes language relating to the proposed retail operations. This plan may be amended once we are licensed)

## **Intent**

LC Square, LLC. ("LC2") is committed to being compliant with all regulations outlined in 935 CMR 500.000 et. seq. ("the Regulations") and any other requirements or sub-regulatory guidance issued by the Massachusetts Cannabis Control Commission ("CNB" or "the Commission") or any other regulatory agency.

To provide clear and concise instructions for LC2 employees regarding the Maintenance of Financial Records that are compliant with the Regulations.

## **Purpose**

The purpose of this policy is to outline the responsibilities of the Company, the Company's management team and Agents to ensure specific, methodical, and consistent compliance of the Regulations and to ensure that our financial records are maintained in a compliant manner with all regulations and laws.

## **Policy**

LC2 financial records will be kept and maintained according to generally accepted accounting principles. The CEO is responsible for all accounting responsibilities and will engage the services of an external legal Accounting firm (with experience in providing audit and tax preparation for state legal operators) to ensure proper accounting compliance. Once operational LC2 will hire or engage as a contractor a bookkeeper with experience in business accounting to assist in the maintaining of these records.

All LC2 financial/business records will be available for inspection to the Commission upon request.

LC2 will maintain all business records in Manual and electronic (computerized) form. These records include, but are not limited to;

1. Assets and liabilities;
2. Monetary transactions;
3. Chart 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.

In relation to the maintenance of financial records LC2 will incorporate the following into our business operations;

1. LC2 will engage the services of a professional payroll and human resources company to assist in Human resources management and payroll services for our employees

2. LC2 will engage, to the extent possible, a banking relationship in Massachusetts to provide banking services for our company.
3. LC2 will use financial software programs for all financial transactions.
4. LC2 does not plan to make cash transactions with other Marijuana Establishments. All transactions will be done through traditional banking transactions including checks or wire transfers.
5. On an annual basis LC2 will engage the services of an independent certified public accountant who is preferably experienced in the legal marijuana industry, to conduct a financial audit of LC2 finances (books).
6. LC2 will engage the services of an industry experienced tax professional for the filing of all required state and federal tax documents.

#### **Access to the Commission**

LC2 electronic and hard copy (written) records will be available to the Commission upon request pursuant to 935 CMR 500.105(9). The records will be maintained in accordance with generally accepted accounting and IRS principles. All written records required in any section of 935 CMR 500.000 are subject to inspection.

#### **Access to the Massachusetts Department of Revenue ("DOR")**

LC2 books, records, papers and other data will be made available upon request by the DOR. Accounting records and information in electronic format will be provided in a searchable electronic format if requested by the Commission of the DOR. Any additional reports and schedules relating to the preparation of tax returns will be maintained and made available upon request. Inventory system data as well as any additional purchase reports, schedules or documentation that reconcile to other books and records, such as purchase journals or a general ledger, will also be maintained and made available upon request.

These records will be kept so long as their contents are material in the administration of Massachusetts tax laws. At a minimum, unless the DOR Commissioner consents in writing to an earlier destruction, the records will be preserved until the statute of limitations for making additional assessments for the period for which the return was due has expired. The DOR may require a longer retention period, such as when the records are the subject of an audit, court case, or other proceeding.

Additionally, LC2 will comply with all records retention requirements outlined in the DOR Regulations including but limited to 830 CMR 62C.25.1: Record Retention.

#### **Seed to Sale System (S2S)**

LC2 will utilize a S2S system that complies with the requirements in G.L. c. 62C, § 25; 830 CMR 62C.25.1 (the Records Retention Regulation); and the Massachusetts Department of Revenue ("DOR").

1. Our S2S system will record all transactions in a manner that will allow the DOR to verify what was sold and whether the appropriate amount of tax was collected. Along with the data in the POS system, LC2 will maintain the following records:
  - a. A journal or its equivalent, which records daily all non-cash transactions affecting accounts payable;
  - b. A cash journal or its equivalent, which records daily all cash receipts and cash disbursements, including any check transactions;

- c. A sales slip, invoice, cash register tape, or other document evidencing the original transaction, which substantiates each entry in the journal or cash journal;
  - d. Memorandum accounts, records or lists concerning inventories, fixed assets or prepaid items, except in cases where the accounting system clearly records such information; and
  - e. A ledger to which totals from the journal, cash journal and other records have been periodically posted. The ledger must clearly classify the individual accounts receivable and payable and the capital account.
- 2. Each S2S transaction record will provide enough detail to independently determine the taxability of each sale and the amount of tax due and collected. Information on each sales transaction will include, but is not limited to the:
  - a. individual item(s) sold,
  - b. selling price,
  - c. tax due,
  - d. invoice number,
  - e. date of sale,
  - f. method of payment, and
  - g. POS terminal number and POS transaction number.
- 3. LC2 will maintain auditable internal controls to ensure the accuracy and completeness of the transactions recorded in the S2S system. The audit trail details include, but are not limited to:
  - a. Internal sequential transaction numbers;
  - b. Records of all S2S terminal activity; and
  - c. Procedures to account for voids, cancellations, or other discrepancies in sequential numbering.
  - d. The S2S audit trail or logging functionality must be activated and operational at all times, and it must record:
  - e. Any and all activity related to other operating modes available in the system, such as a training mode; and
  - f. Any and all changes in the setup of the system.



# LC2 Qualifications and Training Policy and Procedure

(This document is a summary of the Qualifications and Training Policy and Procedure for LC2 Inc.)

## **Intent**

To provide clear and concise instructions for LC Square, LLC. ("LC2") employees regarding the qualifications for employment and agent training that are compliant with the Regulations

LC2 is committed to being compliant with all regulations outlined in 935 CMR 500.000 et. seq. ("the Regulations") and any other requirements or sub-regulatory guidance issued by the Massachusetts Cannabis Control Commission ("CNCB") or any other regulatory agency.

## **Purpose**

The purpose of this policy is to outline the responsibilities of the Company, the Company's management team and Agents to ensure specific, methodical, and consistent compliance of the Regulations and to ensure that we only hire qualified Marijuana Establishment Agents and that our training process and curriculum are in compliance with all regulations and laws.

## **Qualifications for a LC2 Marijuana Establishment Agent**

The minimum requirements to become a LC2 Marijuana Establishment Agent ("LC2 Agent") are outlined below. All LC2 board members, directors, employees, executives, managers or volunteers will apply to the Commission as a LC2 Marijuana Establishment Agent. For clarity an employee means, any consultant or contractor who provides on-site services to a Marijuana Establishment related to the cultivation, harvesting, preparation, packaging, storage, testing, or dispensing of marijuana.

All LC2 Agents must;

1. Be 21 years of age or older;
2. Not 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
3. Be determined suitable for registration consistent with the provisions of 935 CMR 500.800 and 500.802.

LC2 will develop a job description for all positions with the company. While all LC2 Agents must meet the qualifications listed above, many of our positions will require additional qualifications depending on the required duties.

## **Mandatory Training of LC2 Agents**

Pursuant to 935 CMR 500.105(2)(a) LC2 will ensure all LC2 Agents complete training prior to performing job functions. Training will be tailored to the role and responsibilities of the job function.

1. Our initial training begins during employee orientation where all new employees will be issued their employee handbook. Classroom or online training on this day will include, but not limited to;
  - a. Code of Conduct;
  - b. Marijuana Regulations;
  - c. Security and Safety;
  - d. Emergency Procedures/Disaster Plan;
  - e. Diversion of Marijuana;
  - f. Terminable Offences;
  - g. Confidential Information;
  - h. Employee Policies (all employee policies from the handbook will be covered) including but not limited to;
    - i. Alcohol, smoke and drug-free workplace;
    - ii. Equal Employment Policy;
    - iii. Anti-Harassment and Sexual Harassment Policy;
    - iv. Americans with Disability Act;
    - v. Employee Assistance Policy; and
    - vi. Diversity Plan
2. After the initial training is complete agents will be trained on job specific areas depending on their duties. This training can be done in a classroom setting, online or computerized or by means of on the job training ("OJT").
3. All LC2 Agents will receive a minimum of 8 hours of training annually.
4. LC2 will record, maintain and store 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. These records will be stored in the Agents Personnel File. Training records will be retained by LC2 for at least one year after agents' termination.
5. When implemented and available, LC2 will require all of its Agents to attend and complete a Responsible Vendor Training Program and designated as a "responsible vendor"
  - a. After the responsible vendor designation is applied each LC2 owner, manager, and employee involved in the handling and sale of marijuana for adult use will successfully complete the program once every year thereafter to maintain designation as a "responsible vendor."
  - b. Although administrative employees who do not handle or sell marijuana are not required to take the responsible vendor program, LC2 will allow and encourage them to attend on a voluntary basis.
  - c. LC2 will maintain records of responsible vendor training program compliance for four years and make them available to inspection by the Commission and any other applicable licensing authority upon request during normal business hours.

### **Additional Training**

LC2 will provide ongoing training and training opportunities to its employees. In addition to required training, LC2 will encourage advanced training to our employees in the areas of Safety and Security, Marijuana Science or other areas then enhance the Company's products.

# LC2 Diversity Plan

V3.0

## Intent

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It is the policy of LC Square, LLC. ("LC2") to foster equitable opportunity for all employees and to promote principles of diversity management that will enhance the level of organization and its employees. The concept of diversity management is a strategic business objective that seeks to increase organizational capacity in a workplace where the contributions of all employees are recognized and valued. LC2 goal is to build a high-performing, diverse workforce based on mutual acceptance and trust. LC2 Inc's founding team is committed to maintaining a workforce and environment which is diverse with regard to race/ethnicity, national origin, gender, age and sexual orientation. We are committed to hiring those best fit for the role.

LC2 will comply with the requirements of 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of every Marijuana Establishment

Any actions taken, or programs instituted, by LC2 will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

## Purpose

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The purpose of this policy is to outline the responsibilities of the Company, the Company's management team and Agents to ensure that LC2 is a diverse and inclusive company that promotes a discrimination-free work environment and providing opportunities for all employees to use their diverse talents to support the company's mission.

## Demographics

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The Demographics for Adams and the surrounding area are predominantly white with just over 6% of the population falling into the category of a minority. ~7% of Berkshire county is a veteran and ~11% of those under 65 years of age have a disability. Between 4.5-5.5% of the Massachusetts population is believed to identify themselves as LGBT.

LC2 is committed to a diverse and equitable workforce and will implement this plan to ensure access to employment (including management positions) and other relationships with the company. The demographics this plan promotes are outlined below:

### Plan Demographics:

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

## Goals

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The goals that LC2 is committed to achieving through this plan and our vision include:

1. Make the LC2 workplace and management team as diverse as possible to include qualified employees with no regard to race, gender, age, disability, religion, sexual orientation, or any other non-merit factor. Our goal is to have the following workforce demographic:
  - 50% female
  - 30% will be a minority, veteran, persons with a disability or persons who are LGBTQ+
2. Make the LC2 workplace a safe, accepting, respectful, welcoming, comfortable and supportive place to work.
3. Include as our suppliers, contractors and wholesale partners businesses owned by individuals defined in the Plan Demographics
  - 20% of our suppliers, contractors and wholesale partners will be businesses owned by Minorities, Women, Veterans, People with disabilities; and/or People who are LGBTQ+.

## Recruitment and Hiring Plan

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LC2 looks to recruit and hire diverse employees and plans to promote equity among minorities, veterans, people with disabilities and people who are LGBTQ+ in the operation of our company. To promote diversity and equity LC2 will;

1. The LC2 hiring plan gives preference to individuals who are identified in the Plan Demographics.
2. Institute a “blind hiring” policy in which the personal information of the candidate from the hiring manager that can lead to unconscious (or conscious) bias about the candidate.
3. Human Resource training for Hiring Managers that address unconscious bias and cultural sensitivity.
4. Promote our Diversity Hiring preferences on recruitment websites and on our social media presence.
5. Use job descriptions that are catered to and appeal to diverse candidates.
6. Engage with Industry trade groups, training companies and recruitment companies that promote diversity and inclusion. Engagement with these groups will include education for our hiring team, leads on candidates that fit our Plan Demographics and job posting that highlight our diversity hiring preference.

We expect our Recruitment and Hiring Plan to begin in the Spring of 2021

## Inclusion

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LC2 is determined to provide a work environment that is a diverse and inclusive workplace of. We encourage a broad range of opinions, ideas and perspectives that drives creativity, innovation and excellence. Our goal, which must be met, is to ensure that every employee, contractor and visitor feels

safe, respected, welcome, comfortable, supported and accepted. To ensure inclusion in our workplace LC2 will;

1. Provide training to all employees regarding inclusion in the workplace
2. Provide advanced training to managers in their roles in fostering an inclusive workplace environment.
3. Draft and implement a Non-Discrimination, Harassment and Retaliation Policy. This policy will include provisions for responding to complaints, discipline for non-compliance and evaluation of the circumstances to see if this plan needs improvements.
4. Engage with independent outside resources to evaluate and make suggestions regarding inclusion in the LC2 workplace.

We expect our Diversity Plan to begin in the Spring of 2021

### **Supplier Diversity Plan**

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LC2 is committed to utilizing, to the extent possible, minority-owned, women owned, veteran owned, LGBT-owned and business owned by persons with disabilities as suppliers, contractors and wholesale partners. LC2 recognizes that sourcing products and services from previously under-used suppliers helps to sustain and progressively transform a company's supply chain, thus quantitatively reflecting the demographics of the community in which it operates by recording transactions with diverse suppliers.

1. LC2 will draft and implement a plan that focuses on and requires that the underrepresented business identified above are included and chosen, when possible, as our suppliers, contractors and wholesale partners.
2. It is our goal that ~20% of our vendors, contractors and builders will be businesses owned by Minorities, Women, Veterans, People with disabilities; and/or People who are LGBTQ+.
3. LC2 will make reasonable efforts to identify and source Suppliers, Contractors and Wholesale Partners who meet the Diversity Plan Demographics.
  - a. Preference will be given to these individuals and businesses.
4. Priority for engaging and contracting with other Marijuana Establishments in wholesale relationships will be given to Marijuana Establishments that owned by Minorities, Women, Veterans, People with disabilities; and/or People who are LGBTQ+ or employ a majority of their employees that meet the Diversity Plan Demographics.

We expect our Supplier Diversity Plan to begin in the Fall of 2020

### **Evaluation**

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LC2 realized that any plan needs to be evaluated once it is implemented. We will perform an ongoing and comprehensive evaluation of this plan to ensure that it accomplishes our 3 goals.

1. As we begin to recruit and hire potential employees the management team will evaluate the applicant pool and application to ensure that our recruitment policies are generating a diverse representation.

2. Periodically, the management team will evaluate the workplace climate through observations, employee meetings and individual conversations with individual employees to ensure our workplace is a place of inclusion
3. In March of 2021, and annually thereafter the LC2 management team will conduct a comprehensive evaluation of this plan that includes feedback from employees and stakeholders as to the effectiveness of the policy and to see if our goals are attained.
4. If, at any time, it is found that the plan is not reaching our goals the executive management team will convene a special working group to evaluate the plan and make the necessary changes. This group may include outside consultants and professionals.



## LC Square

# Energy Compliance Plan

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In compliance with 935 CMR 500.105(15) LC Square has:

Identified potential energy use reduction opportunities (such as natural lighting and energy efficiency measures), and implemented these opportunities to the extent possible;

Considered opportunities for renewable energy generation including, where applicable, submission of building plans showing where energy generators could be placed on the site, and an explanation of why the identified opportunities were not pursued, if applicable;

Reduced electric demand (such as lighting schedules, active load management, and energy storage); and

Engaged with energy efficiency programs offered pursuant to M.G.L. c. 25, § 21, or through municipal lighting plants.

1. LC Square will work closely with Utility companies to create and execute interactive Energy Savings Plans, by means of:
  - a. Understanding how we use energy through analysis generation;
  - b. Compare our operation with similar businesses and act accordingly;
  - c. Intake customized energy improvement recommendations from professionals;
  - d. Cost incentives through utility energy performance.
2. During our design and build out, LC Square will:
  - a. Install the highest R-Value insulation materials, that actively resist the conductive flow of heat, wherever applicable on site;
  - b. Purchase and install energy efficient LED lighting systems;
3. Further practices to maintain energy efficiency throughout daily operations include:
  - a. Using power strips to power all devices, and turning off all power strips at the conclusion of the closing process (excludes security systems);

- b. Using communal printers, coffee makers, microwave ovens, and refrigerators;
- c. Turning off monitors when leaving for more than one hour;
- d. Save paper by only photocopying what is absolutely needed, and always using the second side of sheets by either printing on both sides or using the blank side as scratch paper;
- e. Report any obvious energy waste or material deficiencies such as broken heaters or air leaks up the chain of command;
- f. Prohibiting the use of individual space heaters;
- g. Using Energy Star labeled appliances.