



# Massachusetts Cannabis Control Commission

## Public Record Request

### Marijuana Cultivator

#### General Information:

License Number: MC281702

Original Issued Date: N/A

Issued Date: N/A

Expiration Date: N/A

Payment Received: \$0      Payment Required: \$5000

### ABOUT THE MARIJUANA ESTABLISHMENT

Business Legal Name: Two Buds, LLC

Federal Tax Identification Number EIN/TIN: [REDACTED]

Phone Number: 781-910-1128      Email Address: gdaniels@twobuds.farm

Business Address 1: One Liberty Square

Business Address 2: Suite 410

Business City: Boston

Business State: MA

Business Zip Code: 02109

Mailing Address 1: One Liberty Square

Mailing Address 2: Suite 410

Mailing City: Boston

Mailing State: MA

Mailing Zip Code: 02109

### 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: 48      Percentage Of Control: 50

Role: Owner / Partner      Other Role:

First Name: David      Middle [REDACTED]      Last Name: Crowley      Suffix:

Gender: Male      User Defined Gender:

What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)

Specify Race or Ethnicity:

### Person with Direct or Indirect Authority 2

Percentage Of Ownership: 48      Percentage Of Control: 50

Role: Owner / Partner      Other Role:

First Name: Grover      Middle Name: [REDACTED]      Last Name: Daniels      Suffix:

Gender: Male      User Defined Gender:

What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)

Specify Race or Ethnicity: Boston

### Person with Direct or Indirect Authority 3

Percentage Of Ownership:      Percentage Of Control: 1

Role: Manager      Other Role: Director of Compliance

First Name: Christopher      Middle Name: [REDACTED]      Last Name: LeBlanc      Suffix:

Gender: Male      User Defined Gender:

What is this person's race or ethnicity?: White (German, Irish, English, Italian, Polish, French)

Specify Race or Ethnicity:

## ENTITIES WITH DIRECT OR INDIRECT AUTHORITY

No records found

## CLOSE ASSOCIATES AND MEMBERS

No records found

## CAPITAL RESOURCES - INDIVIDUALS

### Individual Contributing Capital 1

First Name: David      Middle Name: [REDACTED]      Last Name: Crowley      Suffix:

Types of Capital: Monetary/Equity      Other Type of Capital:      Total Value of the Capital Provided: \$125000      Percentage of Initial Capital: 9

Capital Attestation: Yes

### Individual Contributing Capital 2

First Name: Eliot      Middle Name: [REDACTED]      Last Name: Keele      Suffix:

Types of Capital: Monetary/Equity      Other Type of Capital:      Total Value of the Capital Provided: \$300000      Percentage of Initial Capital: 21

Capital Attestation: Yes

### Individual Contributing Capital 3

First Name: Kathryn      Middle Name: [REDACTED]      Last Name: Keele      Suffix:

Types of Capital: Monetary/Equity      Other Type of Capital:      Total Value of the Capital Provided: \$1000000      Percentage of Initial Capital: 70

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: 53 Air Station Industrial Park

Establishment Address 2:

Establishment City: Rockland

Establishment Zip Code: 02370

Approximate square footage of the Establishment: 36480

How many abutters does this property have?: 12

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.pdf            | pdf  | 5bc9ef27f747bc02b7d23835 | 10/19/2018  |
| Plan to Remain Compliant with Local Zoning | Two Buds Plan to Remain Compliant.pdf | pdf  | 5c004ca4d912bf0445fe6f7c | 11/29/2018  |
| Community Outreach Meeting Documentation   | Community Outreach Packet.pdf         | pdf  | 5c06d6d47579041fd5c67ae3 | 12/04/2018  |

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

#### PLAN FOR POSITIVE IMPACT

Plan to Positively Impact Areas of Disproportionate Impact:

| Document Category        | Document Name                    | Type | ID                       | Upload Date |
|--------------------------|----------------------------------|------|--------------------------|-------------|
| Plan for Positive Impact | Revised Positive Impact 9.11.pdf | pdf  | 5d79519832375f1de7f6f2dd | 09/11/2019  |

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### INDIVIDUAL BACKGROUND INFORMATION

Individual Background Information 1

Role: Owner / Partner

Other Role: Co-Founder

First Name: David

Middle Name: [REDACTED] Last Name: Crowley    Suffix:

RMD Association: Not associated with an RMD

Background Question: no

#### Individual Background Information 2

Role: Owner / Partner

Other Role: Co-Founder

First Name: Grover

Middle Name: [REDACTED] Last Name: Daniels Suffix:

RMD Association: Not associated with an RMD

Background Question: no

#### Individual Background Information 3

Role: Other (specify)

Other Role: Investor

First Name: Eliot

Middle Name: [REDACTED] Last Name: Keele Suffix:

RMD Association: Not associated with an RMD

Background Question: no

#### Individual Background Information 4

Role: Other (specify)

Other Role: Investor

First Name: Kathryn

Middle Name: [REDACTED] Last Name: Keele Suffix:

RMD Association: Not associated with an RMD

Background Question: no

#### Individual Background Information 5

Role: Employee

Other Role: Director of Compliance

First Name: Christpoher

Middle Name: [REDACTED] Last Name: LeBlanc Suffix:

RMD Association: Not associated with an RMD

Background Question: yes

#### ENTITY BACKGROUND CHECK INFORMATION

No records found

#### MASSACHUSETTS BUSINESS REGISTRATION

Required Business Documentation:

| Document Category                                        | Document Name                                   | Type | ID                       | Upload Date |
|----------------------------------------------------------|-------------------------------------------------|------|--------------------------|-------------|
| Bylaws                                                   | Two Buds Operating Agreement 10 25 18.pdf       | pdf  | 5c06be3a4b318f178325bcd7 | 12/04/2018  |
| Articles of Organization                                 | Certificate of Organization.pdf                 | pdf  | 5c06be413f3b1b178d9cf3c2 | 12/04/2018  |
| Secretary of Commonwealth - Certificate of Good Standing | Certificate of Good Standing - Sec. of Comm.pdf | pdf  | 5c0ece2fc9f8321ffd0603cb | 12/10/2018  |
| Department of Revenue - Certificate of Good standing     | DOR Cert. 9.10.19.pdf                           | pdf  | 5d7955b932375f1de7f6f2fb | 09/11/2019  |

No documents uploaded

Massachusetts Business Identification Number: 001341691

Doing-Business-As Name: Partake

DBA Registration City: Boston

## BUSINESS PLAN

Business Plan Documentation:

| Document Category            | Document Name                          | Type | ID                       | Upload Date |
|------------------------------|----------------------------------------|------|--------------------------|-------------|
| Plan for Liability Insurance | CCC Proof of Insurance - TB.pdf        | pdf  | 5bdc7f21d84f77046ceecbeb | 11/02/2018  |
| Proposed Timeline            | Revised Projected Timeline 9.11.19.pdf | pdf  | 5d7956163567ed1db89e2afe | 09/11/2019  |
| Business Plan                | Business Plan RFI- Final (9.25).pdf    | pdf  | 5d8bc991d471f115eb59876a | 09/25/2019  |

## OPERATING POLICIES AND PROCEDURES

Policies and Procedures Documentation:

| Document Category                              | Document Name                                                      | Type | ID                       | Upload Date |
|------------------------------------------------|--------------------------------------------------------------------|------|--------------------------|-------------|
| Restricting Access to age 21 and older         | 2 Restricting Access to Age 21 and Older final.pdf                 | pdf  | 5c06b35a7579041fd5c67a6b | 12/04/2018  |
| Prevention of diversion                        | 4 Prevention of Diversion final.pdf                                | pdf  | 5c06b3b9cf55121fe9077328 | 12/04/2018  |
| Storage of marijuana                           | 5 Storage of Marijuana final.pdf                                   | pdf  | 5c06b3c55e6ec11ff3810872 | 12/04/2018  |
| Transportation of marijuana                    | 6 Transportation of Marijuana final.pdf                            | pdf  | 5c06b3d6c9f8321ffd05fbbb | 12/04/2018  |
| Inventory procedures                           | 7 Inventory Procedures final.pdf                                   | pdf  | 5c06b3e2868cbd200705d342 | 12/04/2018  |
| Quality control and testing                    | 8 Quality Control and Testing final.pdf                            | pdf  | 5c06b3ed1fb80f201103c30f | 12/04/2018  |
| Dispensing procedures                          | 9 Dispensing Procedures final.pdf                                  | pdf  | 5c06b3f9ebc94e1fc00e63e  | 12/04/2018  |
| Qualifications and training                    | 14 Qualifications and Training final.pdf                           | pdf  | 5c06b44ec9f8321ffd05fbbf | 12/04/2018  |
| Security plan                                  | Revised Security Plan 9.11.19.pdf                                  | pdf  | 5d79564d32375f1de7f6f302 | 09/11/2019  |
| Personnel policies including background checks | Revised Personnel Policies Including Background Checks 9.11.19.pdf | pdf  | 5d795669816d7b225d159edc | 09/11/2019  |
| Record Keeping procedures                      | Revised Record Keeping Procedures 9.11.19.pdf                      | pdf  | 5d79568c8470d4229ba45d61 | 09/11/2019  |
| Maintaining of financial records               | Revised Maintaining of Financial Records 9.11.19.pdf               | pdf  | 5d7956a7816d7b225d159ee2 | 09/11/2019  |
| Policies and Procedures for cultivating.       | Revised Cultivation Plan 9.11.19.pdf                               | pdf  | 5d79570f3aff472290ba0d25 | 09/11/2019  |
| Diversity plan                                 | Diversity Plan-RFI 2 Final (9.25).pdf                              | pdf  | 5d8bca1b8d8d0715f66732ad | 09/25/2019  |

## ATTESTATIONS

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

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

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

Notification: I Understand

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

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

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

#### ADDITIONAL INFORMATION NOTIFICATION

Notification: I Understand

#### COMPLIANCE WITH POSITIVE IMPACT PLAN

No records found

#### COMPLIANCE WITH DIVERSITY PLAN

No records found

#### HOURS OF OPERATION

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

**Two Buds, LLC**  
**Business Plan, September 25, 2019**

**Executive Summary**

Two Buds, LLC (Two Buds), a Massachusetts Limited Liability Company founded by Massachusetts residents David Crowley and Grover Daniels, intends to become a leader in cannabis cultivation, manufacturing, and retail sales. As a vertically-integrated cannabis company, Two Buds will cultivate/grow, manufacture/process and sell cannabis products to consumers and licensed Marijuana Establishments (MEs) as defined by 935 CMR 500, from a facility located in Rockland, Massachusetts.

With the approval of the Cannabis Control Commission (CCC), Two Buds will begin operations using Standard Operating Procedures (SOP) successfully executed for several years by legal cannabis companies throughout the United States. Two Buds is applying to the Cannabis Control Commission for three (3) ME licenses:

1. Cultivation Tier 3 (MCN281702)
2. Manufacturer (MPN 281506)
3. Adult-use Retail (MRN 281959)

Two Buds will be compliant with all application requirements from the start of this process and will maintain compliance through the implementation and operations utilizing best-practice procedures, protocols, and people.

In addition, all actions and programs instituted at Two Buds will not violate the CCC's limitations on ownership or control or other applicable state laws. This Business plan is identical for three (3) of Two Buds applications under review at the CCC. There are no other cannabis applications or licenses other than the 3, (MCN 281702, MPN 281506, MRN 281959) owned, controlled, or managed by Two Buds under any circumstances in Massachusetts or elsewhere.

**Community Operations**

Two Buds is excited to work with town officials in Rockland. In September, Two Buds and Rockland signed its Host Community Agreement (HCA). Two Buds Marijuana Establishments will be located in the approved Marijuana Zone (H-1 Industrial Park Hotel District). The 36,400-sf metal building is located approximately 2.5 miles from Exit 14 on Rt.3 at 53 Air Station Industrial Park in Rockland.

Two Buds has an approved use LOI with JJBB, LLC for a 15-year triple-net lease with an option to purchase the building in three years. Two Buds will renovate the building with microclimate systems and controls for several vegetation and flower rooms. One half of the building will be dedicated to the grow operation; the other half will be for processing, retail, storage, compliance/security, employee use, and offices.

### **People and Diversity**

Two Buds is committed to building a talented and diverse team of employees. The company expects to employ more than 50 people when fully operational. Two Buds will implement hiring practices that enable us to recruit, hire and train qualified candidates who are trustworthy and can become long-term members of the company. Two Buds will make a consistent commitment to recruit potential team members from the communities of Rockland, Randolph, Abington, Quincy, Brockton, and Boston.

Additional recruiting will be targeted to people who choose to use public transportation, rideshare, or bike to work.

### **Energy**

Reducing energy consumption and increasing conservation is a major challenge facing all cultivation facilities in Massachusetts. Two Buds will monitor, measure, and benchmark its consumption of energy in order to optimize use with current technologies. HVAC, lighting, and water use are the three primary users of energy consumption in indoor cannabis operations. Thorough research will be completed during design to meet state and local objectives. Using third party vendors, Two Buds will apply best practices observed within the cannabis industry to reduce energy consumption. For example, Two Buds is researching the potential of using natural gas to generate electricity.

### **Two Buds – Comprehensive Overview**

Two Buds, LLC (Two Buds) intends to become a leader in cannabis cultivation, manufacturing, and retail sales. As a vertically-integrated cannabis company, Two Buds will cultivate/grow, manufacture/process and sell cannabis products to consumers and licensed Marijuana Establishments (MEs) as defined by 935 CMR 500, from its operating facility located in Rockland, Massachusetts.

### **Canna-Products**

Two Buds, LLC will manufacture cannabis products derived from Sativa, Indica, and Hybrid plants. The list of potential THC and CBD dominant products Two Buds, LLC intends to produce and sell includes, but is not limited to:

1. Dissolving tablets and strips;
2. Tinctures;
3. Nasal/oral sprays;
4. Hash distillates;
5. Oils;
6. Waxes;
7. Shatters;
8. Budders;
9. Live resin;
10. Saps;
11. Taffies;
12. Crumbles;
13. Moon rocks;

14. Creams;
15. Salves;
16. Lotions;
17. Body butters;
18. Topicals;
19. Dermal patches;
20. Capsules;
21. Cooking oils;
22. Beverages;
23. Sauces;
24. Dips;
25. Baked goods;
26. Confections;
27. Chocolates;
28. Candies;
29. Gums;
30. Sugars;
31. Salts;
32. Syrups;
33. Butters;
34. Mints; and
35. Teas

**The Building: 53 Air Station Industrial Park, 36,400 square feet**

- Growing (Veg and Flower rooms) will be approximately 15,000 sf.
- Manufacturing of extracts will be approximately 3,000 sf.
- Retail is planned to be approximately 4,000 sf.
- Employee area, secure product storage, locker rooms, hallways, and offices approximately 14,000 sf.
- All inventory, including plants and manufactured goods will be stored in locked, employee-only locations with strict security 24 hours a day, seven days a week. Two Buds' revised detailed security plan is included in the policies and procedures document.

**Retail**

The retail experience will be inspired by cannabis lifestyles. The shopping and learning experience will differentiate itself from existing co-located dispensaries by its size, scope of original design, and certified customer service team members.

The retail brand, Two Buds, will not appear on any product packaging or signage pursuant to 935 CMR 500.105(4). Two Buds shall conduct branding and product marketing, including retail sales, product packaging and signage, under the D/B/A name "Partake."

The shop will feature numerous product category selections. There will be six areas (pods) plus additional open space for events and community gatherings.

### **Six Partake Shopping Pods:**

1. "Kush Groove" branded pod for curated accessories for cannabis enthusiasts
2. "Entourage" pod offering the highest quality cannabis flower and hash
3. "Indoor and Outdoor Grow Products and Supplies" pod for a do-it-yourself experience (DIY)
4. "Wellness Boutique" pod for the feeling of well-being with plant-based ingredients
5. "Extracts/Oils" pod for cartridges, dabs, and high potency extracts
6. "Education Corner" dedicated to discussing cannabis use and dosing with experienced professionals supported with online videos from well-regarded content sources like Leafly, Weedmaps, Maximum Yield, and the CCC.

In addition to offering quality products, Partake will be focused on creating an exceptional customer experience for all shoppers, managed by the Director of Customer Experience who will oversee and manage the in-store experiences. The company will test new shopping experiences such as digitally-enhanced packaging using Augmented Reality technology, QR Code Scanning for videos and podcasts, and digital signage with sound. Based on 935 CMR 500.050 all sales are in-store only, and there is no consumption allowed during open store hours.

The company recognizes that the legalization of adult-use cannabis does not align with the personal beliefs of all Massachusetts residents. The company is dedicated to being a good neighbor in Rockland, complying with all state and local regulations, and ensuring that the benefits of its operations outweigh the negative perception for some. The company will adhere to all security/compliance requirements and implement strict guidelines to ensure the safety and security of its employees, location surrounds, retail shoppers, and other businesses in the area. Detailed initial SOP's are completed and available on request.

### **The Team**

The company anticipates recruiting, hiring, and training an initial staff of 10-15 full-time employees, including managers, production associates, retail staff, and security and compliance persons. Job preference will be given to qualified applicants from areas of disproportionate impact as defined by the CCC. For more detail on this see the Diversity and Positive Impact plans attached to the application.

#### **Senior Management**

David Crowley, Co-Founder  
Grover Daniels, Co-Founder

#### **Partial Consultant List**

- Jill Sparks: Project Manager- Jill Sparks is a Project Management consultant. **Jill has no control over management, policies, security operation or cultivation operation.**
- Mary Melnick: People, Process and Systems- Mary Melnick is a human resources consultant. **Mary has no control over management, policies, security operation or cultivation operation.**

- Jim Borghesani: Local and State Relations- Jim Borghesani is a community outreach consultant. **Jim has no control over management, policies, security operation or cultivation operation.**
- Marcus Johnson-Smith: Retail Branding and Marketing- Marcus Johnson-Smith is a marketing and branding consultant. **Marcus has no control over management, policies, security operation or cultivation operation.**
- Mark Rochette: Design/Build Solutions- Mark Rochette's company, Rochette Consulting Services, LLC, is the general contractor for Two Buds facilities design and construction. **Neither Mark nor Rochette Consulting Services, LLC have control over management, policies, security operation or cultivation operation.**
- Mike Terrizzi: Security Design and Monitoring- Mike Terrizzi's company, Platinum Protection Systems, LLC, is a third-party security system design consultant and monitoring contractor. **Neither Mike nor Platinum Protection Systems, LLC has control over management, policies, security operation or cultivation operation.**
- **Note:** Christopher W. LeBlanc, Two Buds, LLC's Director of Compliance, joined Two Buds on August 5, 2019 and has control over compliance matters for security; personnel and operating policies; standard operating procedures; local, state, and federal compliance. The Application Packet, Background Check Packet, and Management and Operations Profile Packet have been amended to include Christopher.

Two Buds has established an agreement with the owners of KG Collective, LLC (KG). KG, an EE Priority designee will help design and launch an innovative retail experience with clear goals and a positive impact. The agreement includes the sale of Kush Groove curated cannabis accessories in the retail shop in Rockland. The agreement includes the following:

1. Two Buds will pay KG to license the brand name "Kush Groove Shop"
2. KG will assist Two Buds in the inventory selection for cannabis accessories
3. KG will consult on the accessories' layout in the retail shop in Rockland
4. KG will assist Two Buds on hiring and training employees from impacted communities
4. KG will assist Two Buds with events

Two Buds and KG have agreed to an initial three-year term with two five-year renewal options. Two Buds will pay \$12,000 a year starting 30 days after we receive a Final License plus an additional six percent of net sales from accessories sold from the KG retail counter. This innovative plan created by the co-owners of both companies will compensate KG for branding and marketing assistance and create a pipeline for people from impacted communities by creating job opportunities in the retail store.

## **Massachusetts Market Opportunity**

- Two Buds is an early entrant with a favorable MA geographic location
- While we will likely share the market with large national and multi-national organizations, Two Buds believes certain market dynamics allow for a sustainable first-mover advantage:
  - Massachusetts municipalities are not easily granting host community agreements
  - Local zoning regulations and bylaws limit the number of cannabis operations in Massachusetts
- Surrounded by South Shore communities that have prohibited the retail sale of cannabis, Two Buds' Rockland facility is well positioned to capture initial demand and scale into a healthy, growing adult consumption market
- With an adult population of over 600,000 in the areas surrounding Rockland and driving distance within 25 minutes from the Boston metro area, Two Buds intends to capture a significant portion of initial and emerging demand for adult-use cannabis

## **Security and Compliance**

Two Buds seeks to displace illegal cannabis producers and dealers in the community by providing a safe and well-designed retail shop. Two Buds will implement strict guidelines to ensure the safety and security of its location and its neighbors. The company will utilize internal and external surveillance cameras and will meet or exceed all security standards set by the Cannabis Control Commission. Per 500.140 (2), on-premises verification of ID for adult-use will be enforced by security officers who will check IDs in a vestibule partitioned from the main retail area. No one under 21 will be allowed into the facility for any reason whatsoever. The CCC requires in-depth policies and procedures, which we have addressed in Two Buds' security procedures plan.

## **Financial Management**

Financial record keeping will include [935 CMR 500.105 (9)]:

- All financial transactions and the financial condition of the business, including contracts for services performed or received;
- Purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents (including the items and/or services purchased, from whom the items were purchased, and the date of purchase);
- Accounting and financial records related to the Two Buds' business

In addition, pursuant to 935 CMR 500.105 (9)(e), Two Buds will make available to the Commission upon request all business records, including manual or computerized records of:

Assets and liabilities;

- Monetary transactions;
- Books of accounts, including journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
- Sales records including the quantity, form, and cost of marijuana products; and

- Salary and wages paid to employees, executive compensation, bonuses, benefits, or items of value paid to any individual affiliated with the business.

### **Projected Technologies (SaaS and Hosted Applications)**

- METRC seed-to-sale tracking software (required by the State)
- QuickBooks Accounting System
- Augmented Reality mobile applications for enhanced shopping experiences
- Google Applications Suite (Two Buds' business software)
- Selected SaaS technology will be integrated to maximize compliance and efficiency

### **Marketing and Advertising**

The company will always comply with all Cannabis Control Commission regulations per 935 CMR 500.105(4) restrictions covering marketing and advertising strategies and design. Compliant packaging designs are included with policies and procedures. Partake is aware, and will adhere to, the requirements set forth in 935 CMR 500.105(4) (detailed information on Marketing, Branding, and Advertising permitted and prohibited practices).

### **Plan to Obtain Liability Insurance**

**General Liability** will be purchased through the CannGen cannabis program and will be written with United Specialty Insurance Company. United Specialty is an A (Excellent) rated carrier with A.M. Best Rating Company. We anticipate purchasing coverage at the \$3,000,000 liability limit both in the occurrence and aggregate. The policy will be written on an occurrence form and will be written for a one-year term. A deductible of \$2,500 per claim will apply.

**Product Liability** will be purchased through the CannGen cannabis program and will be written with United Specialty Insurance Company. United Specialty is an A (Excellent) rated carrier with A.M. Best Rating Company. We anticipate purchasing coverage at the \$3,000,000 liability limit both in the occurrence and aggregate. The policy will be written on a claims made form and will be written for a one year term. A deductible of \$2,500 per claim will apply. Exclusions for specified products, nutraceutical substances, fungi or bacteria, carcinogens, illegal fertilizer, vaporizing equipment, and foreign products will be removed from the policy to ensure a breadth of product liability coverage.

**Professional Liability** will be written with James River Insurance Company. James River is an A (Excellent) rated carrier with A.M. Best Rating Company. Two Buds, LLC anticipates purchasing coverage at the \$3,000,000 liability limit both in the occurrence and aggregate. The policy will be written on a claims made form and will be written for a one year term. The professional liability will not be sub-limited on the form, allowing for the full limit to apply.

**Business Interruption** will be purchased through the CannGen cannabis program and will be written with Falls Lake Insurance Company. Falls Lake is an A (Excellent) rated carrier with A.M. Best Rating Company. The coverage will be written on a special form and will include coverage for equipment breakdown as well as extra expense. Two Buds, LLC will carry a \$10,000 deductible per occurrence. The limit of coverage will be dependent upon Two Buds, LLC's final pro forma, but will likely be between \$5M and \$10M.

**Property** insurance will be purchased through the CannGen cannabis program and will be written with Falls Lake Insurance Company. Falls Lake is an A (Excellent) rated carrier with A.M. Best Rating Company. The coverage will be written on a special form and will be written on a replacement cost basis. We will carry a \$10,000 deductible per occurrence. Two Buds, LLC will likely carry a total limit of coverage between \$7.5M and \$15M and will insure to a minimum of 90% of our total replacement cost value. Two Buds, LLC's property insurance will be written to include marijuana loss, will be purchased through the CannGen cannabis program, and will be written with Falls Lake Insurance Company. Falls Lake is an A (Excellent) rated carrier with A.M. Best Rating Company. The coverage will be written on a special form and will include coverage for all stages of the plant life cycle, goods in process, and completed stock. Two Buds, LLC will carry a \$10,000 deductible per occurrence. The limit of coverage will be dependent upon Two Buds, LLC's final pro forma, but will likely be between \$1M and \$2M.



October 25, 2018

Cannabis Control Commission  
101 Federal Street, 13th floor  
Boston, MA 02110

To Whom It May Concern,

Please allow this letter to serve as proof of insurance coverage in the licensing application process for Two Buds, LLC. We have engaged in the insurance application process with Two Buds, LLC and will be making submissions to multiple insurance carriers on their behalf. We anticipate securing coverage offers from multiple carriers meeting or exceeding all Massachusetts requirements under 935 CMR 500.105(10).

If you have any questions please do not hesitate to contact Tom Rogers, Senior Vice President or Tim Leavitt, Vice President at **FBinsure**, (800) 734.6604.

Thank You,

A handwritten signature in black ink, appearing to read 'Thomas Rogers', is written over a light gray horizontal line.

Thomas Rogers  
Senior Vice President  
**FBinsure**

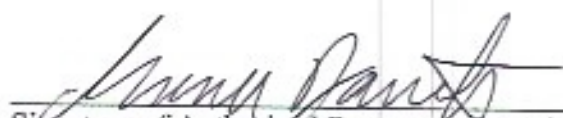
cc: Tim Leavitt

## 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).

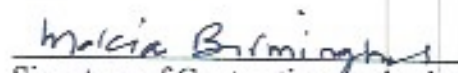
### Applicant

I, Grover Daniels, (*insert name*) certify as an authorized representative of Iwo Buds, LLC (*insert name of applicant*) that the applicant has executed a host community agreement with Rockland (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on September 4, 2018 (*insert date*).

  
Signature of Authorized Representative of Applicant

### Host Community

I, Marcia Birmingham, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for Town of Rockland (*insert name of host community*) to certify that the applicant and Town of Rockland (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on Sept 4, 2018 (*insert date*).

  
Signature of Contracting Authority or  
Authorized Representative of Host Community

## Community Outreach Meeting Attestation Form

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

I, Grover Daniels, (insert name) attest as an authorized representative of Two Buds, 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 OCT. 29, 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 OCT. 16, 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 OCT. 18, 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 OCT. 9, 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.

# **ATTACHMENT A**

# Classified

wickedlocalsearch.com

To Place an Advertisement Call 617-786-7100

**JOBS**

**SERVICES**

**STUFF**

**new  
today**

**Landscaping &  
Gardening**

**CLOVER LANDSCAPING**  
Fall clean-ups, lawn maint.  
Snow plowing, Weymouth  
& surr. areas. Free Est/  
Insured. 781-706-0060 or  
781-331-6707

**Auctions**

**PART 3 of HUGE  
ESTATE AUCTION**

Wed. 10/17, 6 p.m.  
Preview from 5 p.m.  
Sons of Italy Hall,  
161 King Hill Rd.  
Braintree. Open to the  
public. No admission.  
Caddigan Auctioneers  
& Appraisers, Inc.  
Lic#147. 781-826-8648  
caddiganauctioneers.com

**Antique &  
Classic Autos**

**2007 FORD SHELBY  
GT500 MUSTANG COUPE**  
5.4L SC DOHC V-8, 500  
HP. 23,850 mi. 1 owner.  
\$32,500. Loc. In Yarmouth,  
MA (508) 394-4484

**Legals**

**Legals**

**Legals**

## Early Voting Town Of Marshfield

Beginning Monday, October 22, 2018 and continuing through November 2, 2018 the Town of Marshfield will be offering Early Voting for the November 6, 2018 State Election in Marshfield Town Hall. All voters registered in the Town of Marshfield are invited to come to the Town Hall at 870 Moraine Street during regular operating hours to vote in advance of this election. Additionally, Town Hall will open for voting on Saturday October 27, 2018 from 8:00 A.M. through 2:00 P.M. A schedule of dates and times:

|                         |                       |
|-------------------------|-----------------------|
| Monday, October 22nd    | 8:00 A.M. - 7:00 P.M. |
| Tuesday, October 23rd   | 8:00 A.M. - 4:00 P.M. |
| Wednesday, October 24th | 8:00 A.M. - 4:00 P.M. |
| Thursday, October 25th  | 8:00 A.M. - 4:00 P.M. |
| Friday October 26th     | 8:00 A.M. - 4:00 P.M. |
| Saturday, October 27th  | 8:00 A.M. - 4:00 P.M. |
| Monday, October 29th    | 8:00 A.M. - 7:00 P.M. |
| Tuesday, October 30th   | 8:00 A.M. - 4:00 P.M. |
| Wednesday, October 31st | 8:00 A.M. - 4:00 P.M. |
| Thursday, November 1st  | 8:00 A.M. - 4:00 P.M. |
| Friday, November 2nd    | 8:00 A.M. - 4:00 P.M. |

Please join us for Early Voting!

13737663 10/16/18

marijuana establishment

**Community Outreach  
Public Notice**

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for October 29, 2018 at 2 PM at Rockland Golf Course -276 Plain St. Rockland, MA. The proposed Cultivation, Manufacturing, Adult-use Retail, and Third Party Transportation Marijuana Establishment will be located at 53 Airport Park Drive, Rockland, MA.

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

13736976 10/16/18

**Carpentry &  
Remodeling**

**ROTTED WOOD** - All  
phases: windows, kitchens,  
baths & more! Lic/Ins. Low  
rates. Miller Const. 617-  
407-2105 or 508-888-6006

**Driveways &  
Sealcoating**

**Cacciatore Brothers**  
Since 1984. Asphalt Paving  
& Landscaping Free est.  
Lic. & Ins. 617-479-3706

**Flooring**

◆ **KHAM'S FLOOR** ◆  
Sanding, Staining &  
Repairs. Designer/Expert  
Installation. 5 Year  
Warranty. 617-472-3240



**EMPLOYMENT**

**Business Help**

**Licensed  
electricians and  
apprentices**  
wanted! Full time  
work. Great benefits  
and pay. Please call  
**339-364-5934**  
Company located in  
Brockton/Stoughton  
area.

**BestRide**

Your  
**COM**  
await

BestRide is y  
BestRide.co  
pre-owned v  
potential pu  
up to date v  
purchase, B  
automotive

We make it  
to find you

**BestRide**  
co

# **ATTACHMENT B**

## **Community Outreach Public Notice**

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for October 29, 2018 at 2 PM at Rockland Golf Course -276 Plain St. Rockland, MA.

The proposed Cultivation, Manufacturing, Adult-use Retail, and Third Party Transportation Marijuana Establishment will be located at 53 Airport Park Drive, Rockland, MA.

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

# **ATTACHMENT C**

## **Community Outreach Public Notice**

Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for October 29, 2018 at 2 PM at Rockland Golf Course -276 Plain St. Rockland, MA.

The proposed Cultivation, Manufacturing, Adult-use Retail, and Third Party Transportation Marijuana Establishment will be located at 53 Airport Park Drive, Rockland, MA.

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

**Two Buds, LLC**  
**Plan to Remain Compliant with Local Regulations**

Two Buds, LLC (“Two Buds”) will meet its legal obligations with regard to the local zoning, cultivation, manufacturing and selling of adult-use cannabis products within its host community, Rockland, Massachusetts. Upon receipt of a provisional license, Two Buds will hire an experienced compliance professional - Compliance Manager - to manage policies and procedures in order for company employees, business partners and vendors to comply with all rules and regulations as set forth by the CCC in 935 CMR: 500. The Compliance Manager will work closely with Two Buds management and general counsel to ensure active compliance.

On May 7, 2018, Rockland voted to amend its General Code Zoning By-laws (the “Zoning By-laws”) allowing properties within the Zoning District H-1 Industrial Park-Hotel to set up a marijuana establishment through a special permitting process. In this vote, Rockland approved all types of marijuana establishments under M.G.L. c. 94G, including marijuana retailers, product manufacturers, transporters, and cultivators.

Two Buds has an approved use lease with an option to purchase the real property located at 53 Airport Park Drive, Rockland, Massachusetts (the “Property”). The Property is found on 08-005 of the Town of Rockland Assessor’s Map and is located within Zoning District H-1 Industrial Park-Hotel under the Rockland Zoning Bylaw § 415-19. Two Buds is seeking cannabis retail, manufacturing, and cultivation licenses.

Pursuant to § 415-38.5 of the Zoning By-laws, all marijuana establishments must apply for a special permit. A true and correct copy of relevant articles and votes by the Rockland Board of Selectmen amending the Zoning By-laws are attached hereto as *Exhibit A*. Two Buds will comply with the special permitting requirements set forth under § 415-38.5(C) of the Zoning By-laws because:

- (1) Two Bud’s facility will be contained within a secure building or structure;
- (2) Two Buds shall comply with the hours of operation as set by the Rockland Planning Board;
- (3) The Property is not located within 300 feet of any private or public school, college, licensed day-care facility, library, park, playground, residential neighborhood, or recreational or athletic fields or facility or similar place where children typically congregate;
- (4) Two Buds shall prohibit any smoking, burning or consumption of any product containing marijuana or such related products on the Property;
- (5) The Property shall not contain any residential units or transient housing;
- (6) Two Buds shall not operate a drive-thru service on the Property;
- (7) Two Buds shall not display any designs or symbols that depict or display in anyway marijuana products, equipment or plants, or other similar materials;
- (8) Two Buds shall not use any outside displays or storage of marijuana; and
- (9) The Property shall be ventilated in such a manner that no pesticides, insecticides, or other chemicals or products used in cultivation or processing are dispersed into the outside atmosphere, and odor from marijuana will not be detected by a person with a normal sense position at the exterior of the building.

Two Buds shall also seek a site plan approval from the Rockland Planning Board pursuant to the procedures set forth in Article VIII, §§ 415-58 and 415-89 of the Zoning By-laws. In addition, Two Buds has executed with Rockland a Host Community Agreement.

Two Buds will take any steps necessary to ensure that any adverse impacts on abutters and other parties of interest will be minimized and shall comply with any conditions set by Rockland upon issuance of a special permit. Two Buds will comply with all security and safety codes and recommendations as specified by the Rockland police and fire departments.

In addition, Two Buds shall pay Rockland a tax of three percent of its revenue from sales and transfers of marijuana or marijuana products pursuant to Rockland's vote to adopt M.G.L. c. 64N, §3, imposing such a tax.

Two Buds and the company's Compliance Professional will maintain an ongoing relationship with certain departments in Rockland Town Hall. The following list of people hold senior staff positions at Town Hall:

- Town Administrator, Marcy Birmingham (781) 871-1874 ex.1106
- Town Clerk, Donna Shortall (781) 871-1874 ex.1120
- Assessor, Debra Krupczak (781) 871-1874 ex.1160
- ZBA, Candi DiRenzo (781) 871-1874 ex. 1195

# **EXHIBIT A**



# TOWN OF ROCKLAND

## Town Clerk

(781) 871-1892 #120

Donna M. Shortall  
Rockland Town Offices  
242 Union Street  
Rockland, Massachusetts 02370-1897  
dshortall@rockland-ma.gov

On May 2, 2016 at the Rockland Annual Town Meeting, the Town voted as follows:

### ARTICLE #78

The Town unanimously voted to amend the Town of Rockland Zoning Map as shown on a plan on file with the Town Clerk by moving the following parcels of land shown on the Rockland Assessor's Maps as Lots: 001, 002, 003, 007, 008, 010 on Rockland Assessor's Map #7, Lots 001, 002, 003, 004, 005, 007, 008, 009, 011, 012, 013, 014, 017, 028, 058, 060, 063, 67 on the Rockland Assessor's Map #8, Lot 013 on the Rockland Assessor's Map #13 and Lots: #92, on the Rockland Assessor's Map #14 on the Rockland Assessor's Map #9 from the I-2 Industrial Park Zoning District and inserting them in the II-1 Industrial Park-Hotel District. This area is located easterly of Weymouth Street and northerly of the East/West parkway to the Town of Hingham line.

### BOARD OF SELECTMEN

**Finance Committee Deferred to the Planning Board's Recommendation**

**Planning Board Recommendation to Vote as Presented**

A True Record, Attest

Town Clerk, Rockland



# Town of Rockland

♦♦♦♦♦

OFFICE OF THE  
**TOWN CLERK**  
242 Union Street  
ROCKLAND, MASSACHUSETTS 02370

Donna M. Shortall, Town Clerk

(781) 871-1892 X 120

FAX (781) 871-0386

Email: [dshortall@rocklandma.gov](mailto:dshortall@rocklandma.gov)

WEBSITE: <http://www.rockland-ma.gov>

♦♦♦♦♦

NOTICE  
NOTICE

NOTICE  
NOTICE

NOTICE  
NOTICE

NOTICE  
NOTICE

NOTICE  
NOTICE

NOTICE  
NOTICE

This is public notice of the Attorney General's timely approval of those general and zoning bylaws and/or amendments to the general or zoning bylaws of the CODE OF THE TOWN OF ROCKLAND as adopted at the May 2, 2016 Annual Town Meeting, with additional verbiage and cautionary text.

Copies of the following Articles are attached for your information or may be examined and/or obtained at the Office of the Town Clerk, Town Hall, 242 Union Street, Rockland, MA:

Warrant Articles # 26, 27, 28, 29, 30, 31, 32, 75, 77, 78, 79, and 81.

Claims of invalidity by reason of any defect in the procedure, or adoption, or of amendment of any Zoning Bylaw may only be made within 90 days of this posting. Check with the Town Clerk. MASSACHUSETTS GENERAL LAW Chapter 40, section 32 states "...before a bylaw or amendment thereto takes effect it shall be posted in at least six public places in the town..."

Donna M. Shortall  
Town Clerk

Posted this: \_\_\_\_\_ day of \_\_\_\_\_ in the year 2016

I have this day posted this bulletin in the following public places in each of the six precincts in the Town:

Precinct 1 T.K.O'Shea's - 932 Hingham St  
Precinct 2 Sullivan Tire - 1 VFW Dr.  
Precinct 3 Town Hall  
Rockland Public Library  
Rockland Sr. Center  
Rockland Post Office

Precinct 4 UPS Store - 310 Centre Ave  
Precinct 5 Rite-Aid Pharmacy- 201 Market St  
Precinct 6 Rockland Housing Authority-  
8 Studley Ct

---

Constable of Rockland



# TOWN OF ROCKLAND

## Town Clerk

(781) 871-1874 #1120

Donna M. Shortall  
Rockland Town Offices  
242 Union Street  
Rockland, Massachusetts 02370-1897  
[dshortall@rockland-ma.gov](mailto:dshortall@rockland-ma.gov)

On May 7, 2018 at the Rockland Annual Town Meeting, the Town voted as follows:

### ARTICLE #68

The Town unanimously voted to adopt the provisions of MGL Chapter 64N, Section 3, or any other enabling authority, to impose a local sales tax upon the sale or transfer of marijuana or marijuana products by a marijuana establishment operating within the Town to anyone other than a marijuana establishment at the rate of 3 percent of the total sales price received by the marijuana establishment as a consideration for the sale of marijuana or marijuana products, or at any higher rate as authorized by law,

*EXPLANATION: This article will authorize the Town to impose a sales tax upon the sale of marijuana or marijuana products should any marijuana retailer obtain permits and approvals to operate in the town now or in the future.*

**Board of Selectmen**

**Finance Committee Recommended Deferring to the Planning Board**

**Planning Board deferred to the Board of Selectmen**

**Board of Selectmen Recommended to Vote for Passage of the Article at Town Meeting**

A True Record, Attest

Donna Shortall, Town Clerk



# TOWN OF ROCKLAND

## Town Clerk

(781) 871-1874 #1120

Donna M. Shortall  
Rockland Town Offices  
242 Union Street  
Rockland, Massachusetts 02370-1897  
[dshortall@rockland-ma.gov](mailto:dshortall@rockland-ma.gov)

On May 7, 2018 at the Rockland Annual Town Meeting, the Town voted as follows:

### ARTICLE #65

The Town voted unanimously to amend Article II §415-2 of the Rockland General Code Zoning By-laws entitled "Definitions", by adding the following new definition in the appropriate alphabetical order to the existing bylaw definitions:

**MARIJUANA ESTABLISHMENT:** A marijuana establishment shall include all types of marijuana establishments as defined in Mass. Gen. L. c. 94G , exclusive of facilities that are licensed for medically prescribed purposes, to include marijuana cultivators, marijuana testing facilities, marijuana product manufacturers, marijuana retailers or any other type of licensed marijuana-related businesses.

**Board of Selectmen**

**Finance Committee Recommended Deferring to the Planning Board**

**Planning Board Recommended passing at Town Meeting with a vote of 4 to 1**



# TOWN OF ROCKLAND

## Town Clerk

(781) 871-1874 #1120

Donna M. Shortall  
Rockland Town Offices  
242 Union Street  
Rockland, Massachusetts 02370-1897  
[dshortall@rockland-ma.gov](mailto:dshortall@rockland-ma.gov)

On May 7, 2018 at the Rockland Annual Town Meeting, the Town voted as follows:

### ARTICLE #66

The Town unanimously voted to amend Article IV §415-19 of the Rockland General Code Zoning By-laws entitled H-1 Industrial Park-Hotel District, by adding a new paragraph D. Uses requiring special permit from Planning Board, as follows:

D. Uses requiring special permit from Planning Board.

(1) Marijuana establishment pursuant to §415-38.5.

**Board of Selectmen**

**Finance Committee Recommended Deferring to the Planning Board**

**Planning Board Recommended at Town Meeting after a vote of 3 to 2**



# TOWN OF ROCKLAND

## Town Clerk

(781) 871-1874 #1120

Donna M. Shortall  
Rockland Town Offices  
242 Union Street  
Rockland, Massachusetts 02370-1897  
[dshortall@rockland-ma.gov](mailto:dshortall@rockland-ma.gov)

On May 7, 2018 at the Rockland Annual Town Meeting, the Town voted as follows:

### ARTICLE #67

The Town unanimously voted to amend Article V of the Rockland General Code Zoning By-laws entitled "Building, Lot and General District Regulations", by adding the following new section §415-38.5, Marijuana Establishment, as follows:

#### 415-38.5 Marijuana Establishment

##### A. Purpose

1. To provide for the placement of marijuana establishments in appropriate places under conditions in accordance with the provisions of Massachusetts General Law Chapter 94G and in compliance with any state regulations issued thereunder.
2. To minimize the adverse impacts of marijuana establishments on adjacent properties, residential neighborhoods, schools, other places where children congregate and other sensitive land uses.
3. To regulate the siting, design, placement, security, safety, monitoring, modification and discontinuance of marijuana establishments.

##### B. Applicability

1. Marijuana establishments shall not be established except in compliance with the provisions of §415-19.D. and this §415-38.5.
2. Nothing in this section shall be construed to supersede federal or state laws governing the sale and distribution of narcotic drugs.
3. If any provision of this section or the application of any such provision to any person or circumstances shall be held invalid, the remainder of this section, to the extent it can be given effect, or the application of those provisions to persons or circumstances other than those held invalid, shall not be affected thereby, and to this end the provisions of this section are severable.

##### C. General Requirements

1. All marijuana establishments shall be contained within a secure building or structure. ✓
2. The hours of operation of marijuana establishments shall be set by the Planning Board.
3. No marijuana establishments shall be located within 300 feet of a property boundary line of any lot in use as a private or public school, college, licensed day-care facility, library, park, playground, recreational or athletic fields or facility or similar place where children typically congregate. The distance shall be measured in a straight line

from nearest exterior wall of the marijuana establishment/facility or accessory structure associated with said use to the nearest property boundary line of any property in use as a private or public school, college, licensed day-care facility, library, park, playground, \* *residential neighborhood*, recreational or athletic fields or facility or similar place where children typically congregate.

4. No smoking, burning or consumption of any product containing marijuana or marijuana-related products shall be permitted on the premises.
5. Marijuana establishments shall not be located inside a building containing residential units, including transient housing such as motels and dormitories, or inside a movable or mobile structure such as a car, van, truck, trailer cargo container.
6. Marijuana establishments shall not have drive-thru service.
7. No signage shall be permitted that contain designs or symbols that depict or display in any way marijuana products, equipment or plants, or other similar materials.
8. No outside displays or storage of marijuana, related supplies or promotional materials are allowed.
9. All marijuana establishments shall be ventilated in such a manner that no;
  - a. pesticides, insecticides, or other chemicals or products used in cultivation or processing are dispersed into the outside atmosphere.
  - b. Odor from marijuana cannot be detected by a person with a normal sense of smell at the exterior of the building.

#### D. Special Permit Requirements

1. A marijuana establishment shall only be allowed by special permit from the Planning Board in accordance with Mass. Gen. L. c. 40A, section 9, these Zoning Bylaws, including §415-89, and subject to the following regulations, requirements and conditions.
2. No special permit shall be issued without a site plan approval by the Planning Board pursuant to Article VIII, §§415-58 and 415-89. At a minimum said site plan shall meet all dimensional, parking, landscaping and signage requirements.
3. Any applicant for a special permit shall have first executed a so-called "host community agreement" with the town governing the responsibilities of the town and the marijuana establishment and may include a community impact fee of up to 3% of gross sales to be paid to the town.
4. The special permit shall limit marijuana establishments to one or more of the following uses:
  - a. Marijuana retailer
  - b. Marijuana product manufacturer
  - c. Marijuana transportation or distribution facility as conditioned by the Planning Board with review by the Police Department.
  - d. Marijuana Cultivator \*
5. In addition an application for a marijuana establishment shall include the following:
  - a. Name and address with contact phone number and email of owner/applicant of the facility.
  - b. Copies of all approved required licenses and permits (to said same owner of the facility) by the Commonwealth of Massachusetts Cannabis Control Commission and any of its other agencies for the facility.

- c. Evidence of the applicant's right to use the site as a marijuana establishment by means of a purchase and sales agreement, deed, owner's authorization or lease.
- d. Proposed security measures for the non-medical marijuana establishments including; lighting, fencing, gates, alarms, surveillance cameras etc., to ensure the safety of persons and products from theft. A letter from the Rockland Police Chief, or designee, acknowledging review and approval of the recreational marijuana retailer facility and its security is required. To extent allowed by law, all such documents submitted by the applicant to the Rockland Police Chief shall be confidential.
- e. All application requirements for Site Plan approval as specified in §§415-58 and 415-59 unless waived by the Planning Board.
- f. Provide the police department with the names, phone numbers and email addresses of all management staff and keyholders to whom one can provide notice if there are operating problems associated with the establishment and update that list whenever there is any change in management staff or keyholders.

#### F. Findings

The Planning Board shall not issue a Special Permit to/for a medical marijuana establishment unless it finds the following:

- a. The establishment is designed to minimize any adverse impacts on abutters and other parties of interest, as defined in Mass. Gen. L. c. 40A, section 11.
- b. The establishment demonstrates that it will meet all the permitting requirements of all applicable agencies within the Commonwealth of Massachusetts and will comply with all applicable state and local laws and regulations.
- c. The applicant has satisfied all of the conditions, findings and requirements set forth herein.

#### F. Transfer of Special Permit

A special permit granted under this section shall have a term limited to the duration of the applicant's ownership of the marijuana establishment. A special permit may be transferred only by the approval of the Planning Board after a public hearing and supported by all updated information required herein.

#### G. Abandonment or Discontinuance of Use

A special permit shall lapse if not exercised within one year of issuance. A marijuana establishment shall be required to remove all materials, plants, equipment and other paraphernalia within three months of ceasing operations.

### BOARD OF SELECTMEN

**Finance Committee Recommend Deferring to the Planning Board**

**Planning Board Recommended passing after a vote of 4 to 1**

- Amended from the floor



**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: 001341691

1. The exact name of the limited liability company is: TWO BUDS, LLC

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

No. and Street: ONE LIBERTY SQUARE, SUITE 410  
 City or Town: BOSTON State: MA Zip: 02109 Country: USA

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

No. and Street: ONE LIBERTY SQUARE, SUITE 410  
 City or Town: BOSTON State: MA Zip: 02109 Country: USA

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

THE MANUFACTURE, PRODUCTION, CULTIVATION, AND SALE OF AGRICULTURAL AND OTHER PRODUCTS, AND OTHER BUSINESS ACTIVITIES RELATED THERETO; AND TO ENGAGE I N ANY OTHER ACTIVITIES WHICH A BUSINESS FORMED UNDER THE LAWS OF THE COMMO NWEALTH OF MASSACHUSETTS MAY ENGAGE.

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

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

Name: MICHAEL S. BONNER, ESQ.  
 No. and Street: C/O ACETO, BONNER & PRAGER, PC  
ONE LIBERTY SQUARE, SUITE 410  
 City or Town: BOSTON State: MA Zip: 02109 Country: USA

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

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

| Title   | Individual Name<br>First, Middle, Last, Suffix | Address (no PO Box)<br>Address, City or Town, State, Zip Code |
|---------|------------------------------------------------|---------------------------------------------------------------|
| MANAGER | GROVER DANIELS                                 | ONE LIBERTY SQUARE, SUITE 410<br>BOSTON, MA 02109 USA         |

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

| <b>Title</b>  | <b>Individual Name</b><br>First, Middle, Last, Suffix | <b>Address</b> (no PO Box)<br>Address, City or Town, State, Zip Code |
|---------------|-------------------------------------------------------|----------------------------------------------------------------------|
| SOC SIGNATORY | MICHAEL S. BONNER ESQ.                                | ONE LIBERTY SQUARE, SUITE 410<br>BOSTON, MA 02109 USA                |

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

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

9. Additional matters:

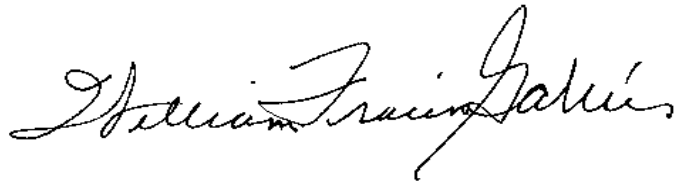
**SIGNED UNDER THE PENALTIES OF PERJURY, this 16 Day of August, 2018,**  
**GROVER DANIELS**

*(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:

August 16, 2018 10:23 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 MEMBERSHIP UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER ANY FEDERAL OR STATE SECURITIES LAWS, NOR BEEN APPROVED, DISAPPROVED, OR RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY THE SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY CONFIRMED OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES (UNITS) AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE MEMBERSHIP UNITS OFFERED HEREBY MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, HYPOTHECATED, OR OTHERWISE DISPOSED CONTRARY TO THIS AGREEMENT OR ANY APPLICABLE LAW.

**OPERATING AGREEMENT**  
**of**  
**TWO BUDS, LLC**  
a Massachusetts Limited Liability Company

## TABLE OF CONTENTS

|                                                                                     | <b>Page</b> |
|-------------------------------------------------------------------------------------|-------------|
| ARTICLE I General .....                                                             | 1           |
| Section 1.01 <u>Formation</u> .....                                                 | 1           |
| Section 1.02 <u>Name and Address</u> .....                                          | 1           |
| Section 1.03 <u>Registered Agent</u> .....                                          | 2           |
| Section 1.04 <u>Purposes and Powers of the Company</u> .....                        | 2           |
| Section 1.05 <u>Term</u> .....                                                      | 2           |
| Section 1.06 <u>Members</u> .....                                                   | 2           |
| Section 1.07 <u>Liability of Members</u> .....                                      | 2           |
| Section 1.08 <u>Transfer</u> .....                                                  | 2           |
| ARTICLE II Management .....                                                         | 2           |
| Section 2.01 <u>Management of the Company</u> .....                                 | 2           |
| Section 2.02 <u>Authority of the Managers</u> .....                                 | 3           |
| Section 2.03 <u>Reliance by Third Parties</u> .....                                 | 5           |
| Section 2.04 <u>Activity of the Managers</u> .....                                  | 5           |
| Section 2.05 <u>Company Officers</u> .....                                          | 6           |
| Section 2.06 <u>Liability for Certain Acts</u> .....                                | 7           |
| Section 2.07 <u>Indemnification</u> .....                                           | 7           |
| Section 2.08 <u>Other Matters Concerning the Board of Managers</u> .....            | 8           |
| Section 2.09 <u>Expenses</u> .....                                                  | 8           |
| Section 2.10 <u>Removal of Managers</u> .....                                       | 9           |
| ARTICLE III Capital Accounts and Membership Units .....                             | 9           |
| Section 3.01 <u>Capital Contributions</u> .....                                     | 9           |
| Section 3.02 <u>Membership Units</u> .....                                          | 9           |
| Section 3.03 <u>Certificates</u> .....                                              | 10          |
| Section 3.04 <u>Capital Accounts</u> .....                                          | 10          |
| Section 3.05 <u>Determination by the Board of Managers of Certain Matters</u> ..... | 11          |
| Section 3.06 <u>Profits and Losses</u> .....                                        | 11          |
| Section 3.07 <u>Special Allocations</u> .....                                       | 12          |
| Section 3.08 <u>Curative Allocations</u> .....                                      | 13          |
| Section 3.09 <u>Tax Allocations</u> .....                                           | 13          |
| Section 3.10 <u>Miscellaneous Allocation Provisions</u> .....                       | 14          |
| ARTICLE IV Distributions and Withdrawals from Capital Accounts .....                | 14          |
| Section 4.01 <u>Withdrawals from Capital Accounts</u> .....                         | 14          |
| Section 4.02 <u>Distributions Generally</u> .....                                   | 14          |
| Section 4.03 <u>Tax Distributions</u> .....                                         | 15          |
| Section 4.04 <u>Amounts to Withhold</u> .....                                       | 16          |
| ARTICLE V Representations, Warranties and Certifications .....                      | 17          |
| Section 5.01 <u>Members' Representations</u> .....                                  | 17          |
| ARTICLE VI Admission of New Members .....                                           | 18          |
| Section 6.01 <u>Admission of Additional or Substitute Members</u> .....             | 18          |

|                                                                  |    |
|------------------------------------------------------------------|----|
| Section 6.02 <u>Right of First Refusal</u> .....                 | 18 |
| ARTICLE VII <u>Transfer and Withdrawal</u> .....                 | 19 |
| Section 7.01 <u>Withdrawals</u> .....                            | 19 |
| Section 7.02 <u>Member Dissociation</u> .....                    | 20 |
| Section 7.03 <u>Death or Dissolution of a Member</u> .....       | 21 |
| Section 7.04 <u>Life Insurance</u> .....                         | 21 |
| Section 7.05 <u>Restriction on Transfer and Assignment</u> ..... | 22 |
| Section 7.06 <u>Drag-Along Rights</u> .....                      | 24 |
| ARTICLE VIII <u>Termination of the Company</u> .....             | 26 |
| Section 8.01 <u>Dissolution</u> .....                            | 26 |
| Section 8.02 <u>Termination of Company</u> .....                 | 26 |
| ARTICLE IX <u>Books and Records</u> .....                        | 27 |
| Section 9.01 <u>Tax and Financial Matters</u> .....              | 27 |
| Section 9.02 <u>Tax Audits</u> .....                             | 27 |
| Section 9.03 <u>Books and Records</u> .....                      | 28 |
| Section 9.04 <u>Accounting Basis and Fiscal Year</u> .....       | 28 |
| Section 9.05 <u>Tax Elections</u> .....                          | 28 |
| Section 9.06 <u>Reports</u> .....                                | 28 |
| ARTICLE X <u>Conversion to a Corporation</u> .....               | 29 |
| Section 10.01 <u>Cooperation</u> .....                           | 29 |
| Section 10.02 <u>Valuation and Conversion of Interests</u> ..... | 29 |
| Section 10.03 <u>Lock-Up; Restrictions on Sale</u> .....         | 29 |
| Section 10.04 <u>Stockholders Agreements</u> .....               | 30 |
| ARTICLE XI <u>Miscellaneous</u> .....                            | 30 |
| Section 11.01 <u>Notices</u> .....                               | 30 |
| Section 11.02 <u>Successors and Assigns</u> .....                | 30 |
| Section 11.03 <u>Amendments</u> .....                            | 30 |
| Section 11.04 <u>Partition</u> .....                             | 31 |
| Section 11.05 <u>Exhibits</u> .....                              | 31 |
| Section 11.06 <u>Entire Agreement</u> .....                      | 31 |
| Section 11.07 <u>Captions</u> .....                              | 31 |
| Section 11.08 <u>Counterparts</u> .....                          | 31 |
| Section 11.09 <u>Goodwill</u> .....                              | 31 |
| Section 11.10 <u>Severability</u> .....                          | 31 |
| Section 11.11 <u>Applicable Law; Jurisdiction</u> .....          | 31 |
| Section 11.12 <u>Equitable Remedies</u> .....                    | 31 |
| Section 11.13 <u>Arbitration</u> .....                           | 31 |
| Section 11.14 <u>Deadlocks</u> .....                             | 32 |
| Section 11.15 <u>Creditors</u> .....                             | 32 |
| ARTICLE XII <u>DEFINITIONS</u> .....                             | 32 |
| Section 12.01 <u>Definitions</u> .....                           | 32 |

SCHEDULE A

SCHEDULE B

**OPERATING AGREEMENT**  
**of**  
**TWO BUDS, LLC**  
a Massachusetts Limited Liability Company

THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this "Agreement") of TWO BUDS, LLC (the "Company"), a limited liability company organized pursuant to the laws of the Commonwealth of Massachusetts, is entered into and shall be effective as of August 16, 2018 (the "Effective Date"), by and among the Company and the Persons whose names are set forth on Schedule A, as amended from time to time (each, a "Member" and collectively, the "Members"), and the Managers, as such term is defined herein.

**PRELIMINARY STATEMENT**

**WHEREAS**, the Company was formed as a Massachusetts limited liability company pursuant to its Certificate of Organization filed with the Corporations Division of the Secretary of the Commonwealth of Massachusetts on August 16, 2018;

**WHEREAS**, the Company and the Members desire to provide in this Agreement for the operation of the Company, and, in general, to set out fully the rights and obligations of the Members, Managers and officers of the Company; and

**WHEREAS**, by executing this Operating Agreement, the Members acknowledge and agree that (i) they understand the risks associated with investing in the Company and becoming a Member, and (ii) they have read and understand Schedule B, which summarizes the risks associated with the Company, investing in the Company, and the business in which the Company participates.

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants, agreements and warranties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

**ARTICLE I**  
**FORMATION OF LIMITED LIABILITY COMPANY; NAME AND**  
**PRINCIPAL PLACE OF BUSINESS; TERM**

1.01. Formation. The Company was duly formed under and pursuant to the laws of the Commonwealth of Massachusetts on August 16, 2018.

1.02. Name and Address. The name of the Company is Two Buds, LLC. The initial business address of the Company is One Liberty Square, Suite 410, Boston, Massachusetts, 02109. The Company may change the business address and/or maintain such additional offices at such other places as the Manager may hereafter determine.

1.03. Registered Agent. The name and address of the resident agent for service of process on the Company in Massachusetts is Aceto, Bonner & Prager, PC, One Liberty Square, Suite 410, Boston, Massachusetts, 02109. The business address and the resident agent may be changed by the Manager from time to time upon compliance with the procedures required by the Act.

1.04. Purposes and Powers of the Company. The purpose of the Company is to pursue cannabis-related businesses, including the manufacture, production, cultivation, sale, and transportation of cannabis products, upon receipt of the proper licenses to do so. The Company may engage in any lawful business, purpose or activity for which limited liability companies may be formed under the Act, whether incident to the foregoing purpose or otherwise.

1.05. Term. The term of the Company commenced on the date of the filing the Certificate with the Secretary of State of the Commonwealth of Massachusetts, and shall continue in perpetuity, unless and until it is terminated or in accordance with this Agreement or the Act.

1.06. Members. The Members are those persons or entities listed as Members in Schedule A hereto, as it may be amended from time to time.

1.07. Liability of Members. No Member shall be liable for the obligations of the Company solely by reason of being a Member. No Member shall be required to make any contributions to the capital of the Company other than as provided in this Agreement. Except as otherwise expressly provided in the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member. Except as otherwise expressly provided in the Act, the liability of each Member shall be limited to the amount of Capital Contributions required to be made by such Member in accordance with the provisions of this Agreement.

1.08. Transfer. Subject to the provisions of Article VII of this Agreement, no Member shall have the right to sell, assign, pledge, transfer or otherwise dispose of ("Transfer") all or any part of his or her Membership Units in the Company without the consent of Board of Managers, which consent shall be in the Board of Manager's sole discretion. Any purported sale, assignment, pledge, transfer or other disposition of all or any part of an Interest in the Company in contravention of this Section 1.08 and Article VII shall be null and void and of no force and effect.

## **ARTICLE II MANAGEMENT**

### **2.01. Management of the Company.**

(a) Board of Managers. The overall management and control of the business and affairs of the Company will be vested in a Board of Managers ("Board of Managers" or "Board") who may delegate the day to day management and control of the business and affairs of the Company to such officers and other employees or agents as they deem necessary or advisable as and

to the extent provided in this Article II. Subject to the provisions of this Agreement, the Board of Managers, acting by majority vote, shall have the full and complete authority, power and discretion to manage and control the business affairs and properties of the Company, to carry out any and all of the purposes of the Company set forth in Section 1.04 and to perform all acts and enter into and perform all contracts and other undertakings which it may deem necessary or advisable or incidental thereto, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business, and the Members shall have only the voting rights specifically provided in this Agreement or, if and to the extent not specified herein, the Act. The Managing Member shall have the authority, on behalf and in the name of the Company, in the ordinary course of business, to take any action or make any decisions on behalf of the Company hereunder, to carry out any and all of the purposes of the Company set forth in Section 1.04 and to perform all acts and enter into and perform all contracts and other undertakings which it may deem necessary or advisable or incidental thereto, including, without limitation, the power to:

(b) Initial Managers. The Company shall initially have two (2) Managers. The number of Managers of the Company may be increased or decreased from time to time by the approval of Members holding 80% of the Membership Units. The initial Managers shall be Grover Daniels ("Daniels"), and David Crowley ("Crowley" and together with Daniels and any other subsequent managers, the "Managers"). Except as provided herein, each Manager shall be a member of the Board of Managers until removed or a successor is duly elected, in each case by the approval of Members holding 80% the Membership Units, or until such Manager resigns, becomes incapacitated or dies, whichever occurs first. When any decision or determination is to be made by the Manager under this Agreement and no other vote is specified herein such decision shall be made by the Board of Managers.

## 2.02. Authority of the Managers.

(a) Without limiting the generality of Section 2.01 above, the Board of Managers shall have power and authority, on behalf of the Company to:

(i) borrow money for the Company from banks, other lending institutions, or any Member, on such terms as the Managers deem appropriate, and in connection therewith, to hypothecate, encumber, and grant security interests in the assets of the Company to secure repayment of the borrowed sums;

(ii) prepay in whole or in part, refinance, recast, increase, modify or extend any deed of trust, mortgage or other indebtedness of the Company, and, in connection therewith, to execute any extensions, renewals or modifications of such deeds of trust or mortgages;

(iii) appoint individuals to act as officers of the Company and delegate to such individuals such authority to act on behalf of the Company and such duties and functions as the Board of Managers shall determine and to pay reasonable compensation for such officers' services;

(iv) hold and own any Company real and/or personal properties in the name of the Company;

(v) sell or otherwise dispose of any assets of the Company outside the ordinary course of business;

(vi) acquire from any Person by purchase, lease or otherwise, any real or personal property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company. The fact that a Member is an Affiliate of any such Person shall not prohibit the Managers from dealing with that Person, provided that the terms for dealing with such Person are no less favorable to the Company than would be available in dealing with an independent third party;

(vii) enter into, perform and carry out contracts of any kind necessary to, in connection with or incidental to, the accomplishment of the purposes of the Company, which contracts may extend beyond the term of the Company;

(viii) employ or engage persons, firms or companies (including any Member or an Affiliate of any Member) for the operation, maintenance, marketing and financing of the Company and to pay reasonable compensation for such services;

(ix) cause to be paid any and all taxes, charges and assessments that may be levied, assessed or imposed upon any assets of the Company;

(x) purchase insurance to protect the Company's property and business;

(xi) invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper, or other investments;

(xii) sell or otherwise dispose of any part of the assets of the Company in the normal course of business;

(xiii) employ accountants, legal counsel, or other experts to perform services for the Company and to compensate them from Company funds;

(xiv) execute on behalf of the Company mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; assignments; partnership agreements and operating agreements of other limited liability companies;

(xv) subject to the foregoing provisions, to execute on behalf of the Company all instruments and documents, including, without limitation: checks, drafts, notes and other negotiable instruments, bills of sale, leases, and any other instruments or documents necessary or desirable, in the opinion of the Board of Managers, to the business of the Company;

(xvi) engage in such other activities and incur such other expenses as may be reasonably necessary, advisable or appropriate for the furtherance of the Company's

purposes so long as such activities may be lawfully carried on or performed by the Company under the terms of this Agreement and by a limited liability company under the Act, and to execute, acknowledge and deliver any and all instruments necessary to implement the foregoing.

(b) Limitations on Powers of the Managers. Notwithstanding any other provision of this Agreement to the contrary, the Board of Managers shall not take any of the following actions regarding the Company and shall not cause or attempt to cause the Company to take any of the following actions without the written consent of the Supermajority in Interest of the Members:

(i) Except as provided herein, to dissolve or cause the voluntary termination of the Company;

(ii) fundamentally change the nature of the Company's business;

(iii) assign or transfer the management responsibility of the Company to a person other than a Board of Managers or a Company Officer;

(iv) amend this Agreement or the Certificate of Organization of the Company in a manner as would adversely affect any Member, including, without limitation, any rights, preferences or privileges of any Member;

(v) other than as contemplated herein or in connection with subsequent issuances of Membership Units issued or created in accordance with the terms of this Agreement, change the Percentage Interest of a Member in a manner as would adversely affect such Member; or

(vi) issue additional Membership Units in excess of the maximum authorized amounts set forth in Section 3.02(b).

Approval may be documented in writing; provided that the occurrence of any of the foregoing actions without written objection to the Managing Member following at least ten (10) days prior written notice to the Members shall be deemed to evidence approval.

2.03 Reliance by Third Parties. Persons dealing with the Company are entitled to rely conclusively upon the certificate of any Member to the effect that he or she is then acting as a duly appointed officer or agent by the Managing Member, and upon the power and authority of the Managers (or any such person duly designated by the Board of Managers) as herein set forth.

#### 2.04 Activity of the Managers.

(a) The Managers shall devote so much of their time to the affairs of the Company as in the judgment of the Board of Managers the conduct of the business of the Company shall reasonably require. The Managers shall not be obligated to do or perform any act or thing in connection with the business of the Company not expressly set forth herein.

(b) Other than as provided under Section 2.04(c), nothing herein contained shall be deemed to preclude Crowley and Daniels from engaging, directly or indirectly, in any

other business, and no Member shall have the right to participate in any manner in any profits or income earned or derived by or accruing to Crowley and Daniels from the conduct of any such other business.

(c) Notwithstanding the above, other than indirectly as a result of being a Member of the Company, in no event shall Crowley or Daniels make any investment (equity, debt or otherwise), in any person or entity which develops, markets, distributes or sells any products or services in or to the cannabis industry, other than less than 1% of publicly traded company, without the written consent of the Supermajority in Interest of the Members.

## 2.05 Company Officers.

(a) The Board of Managers may, from time to time, designate one or more persons to be officers of the Company ("Company Officers"). Any Company Officers so designated shall have such authority and perform such duties as the Board of Managers may, from time to time, delegate to them. The Board of Managers may assign titles to particular Company Officers. Unless the Board of Managers otherwise determines, if the title is one commonly used for officers of a business corporation incorporated under Massachusetts Business Corporations Act, the assignment of such title shall constitute the delegation to such Company Officer of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made to such Company Officer by the Board. Each Company Officer shall hold office until his successor shall be duly designated or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same person. Any Company Officer shall serve at the pleasure of the Board and may be removed at any time and in the sole discretion of the Managing Member by written notice to such Company Officer.

(b) Each Company Officer shall hold office until his or her successor shall be duly designated and shall qualify, or until his or her death, or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any Company Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Board of Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(c) Any Company Officer may be removed as such, either with or without cause, by the Board of Managers (excluding in such vote, if applicable, the Company Officer being removed, but still requiring the approval of the Board of Managers) whenever in the Board's judgment the best interests of the Company will be served thereby; provided, however, that such removal shall be without prejudice to the written contract rights, if any, of the Company Officer so removed. The designation of a person as a Company Officer shall not of itself create contract rights.

(d) Any vacancy occurring in any office of the Company may be filled by the Board of Managers.

## 2.06 Liability for Certain Acts.

### (a) No Manager, Company Officer, Partnership Representative,

employee, agent (including, without limitation, any consultant engaged by the Company, or any Member (collectively with the Members, the “Indemnified Parties”), shall be liable to any Member or the Company for mistakes of judgment or for any action or inaction, unless such mistakes, action or inaction arise out of, or are attributable to, the gross negligence, willful misconduct or bad faith of the Indemnified Party as determined by a final, non-appealable judgment of a court of applicable jurisdiction; nor shall any Indemnified Party be liable to any Member or the Company for any action or inaction of any employee or other agent of the Company or Manager, provided that such employee or agent was selected with reasonable care. Any Indemnified Party may consult with counsel, accountants, investment bankers, financial advisers, appraisers and other professional consultants or advisers in respect of Company affairs and be fully protected and justified in any action or inaction which is taken in accordance with the advice or opinion of such persons, provided that they shall have been selected with reasonable care. The foregoing standard shall be in lieu of any other standard that may otherwise be applicable and the fiduciary duties of the Indemnified Parties are hereby disclaimed and eliminated to the maximum extent permitted by Massachusetts law. Notwithstanding the foregoing, the provisions of this Section shall not be construed to relieve (or attempt to relieve) the Indemnified Parties of any liability to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

## 2.07 Indemnification.

(a) Each Indemnified Party shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, expenses (including legal and other professional fees and disbursements), judgments, fines, settlements, and other amounts (collectively, the “Indemnification Obligations”) arising from any and all claims, demands, actions, suits or proceedings (whether civil, criminal, administrative or investigative), actual or threatened, in which such Indemnified Party may be involved, as a party or otherwise, by reason of such person’s service to or on behalf of, or management of the affairs of, the Company, or rendering of advice or consultation with respect thereto, or which relate to the Company, its properties, business or affairs, whether or not the Indemnified Party continues to be such at the time any such Indemnification Obligation is paid or incurred, provided that such Indemnification Obligation resulted from a mistake of judgment, or from action or inaction of such Indemnified Party that did not constitute gross negligence, willful misconduct or bad faith. The Company shall also indemnify and hold harmless an Indemnified Party from and against any Indemnification Obligation suffered or sustained by such Indemnified Party by reason of any action or inaction of any employee or other agent of such Indemnified Party; provided, that such employee or agent was selected with reasonable care and provided, further, that the Indemnified Obligation did not result from a mistake of judgment, or from action or inaction of such employee or other agent that did not constitute gross negligence, willful misconduct or bad faith. The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that such Indemnification Obligation resulted

from the gross negligence, willful misconduct or bad faith of such Indemnified Party. Expenses (including legal and other professional fees and disbursements) incurred in any proceeding will be paid by the Company in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such Indemnified Party to repay such amount if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified by the Company as authorized hereunder.

(b) The indemnification provided by this Section 2.07 shall not be deemed to be exclusive of any other rights to which each Indemnified Party may be entitled under any agreement, or as a matter of law, or otherwise, both as to action in such Indemnified Party's official capacity and to action in another capacity, and shall continue as to such Indemnified Party who has ceased to have an official capacity for acts or omissions during such official capacity or otherwise when acting at the request of a Manager and shall inure to the benefit of the heirs, successors and administrators of such Indemnified Party.

(c) The Board of Managers shall have the power to purchase and maintain insurance on behalf of the Managers and each Indemnified Party, at the expense of the Company, against any liability which may be asserted against or incurred by them in any such capacity, whether or not the Company would have the power to indemnify the Indemnified Parties against such liability under the provisions of this Agreement.

(d) Notwithstanding any of the foregoing to the contrary, the provisions of this Section 2.07 shall not be construed so as to provide for the indemnification of an Indemnified Party for any liability to the extent (but only to the extent) that such indemnification would be in violation of applicable law or that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the provisions of this Section 2.07 to the fullest extent permitted by law.

2.08 Other Matters Concerning the Board of Managers. The Board of Managers may rely, and shall be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by him to be genuine and to have been signed or presented by the proper party or parties.

2.09 Expenses. The Company will pay, or reimburse the Managers for all operating expenses and other costs of the Company ("Expenses"), including, but not limited to: (i) all expenses incurred in connection with Company operations, including, without limitation, all expenses incurred with the purchase or holding of the Company investments including, without limitation, all costs and expenses of custodians, paying agents, registrars, counsel, independent accountants (including the allocable share of the costs, fees and expenses relating to internal accounting and tax preparation functions — inclusive of salaries of employees of the Managers performing such functions — should the Company determine not to use third party providers for such services) and consultants and other third parties retained in connection with the Company; (ii) all costs incurred in connection with the preparation of or relating to reports made to the Members; (iii) all costs related to litigation involving the Company, directly or indirectly, including, without limitation, attorneys' fees incurred in connection therewith; (iv) all costs related to the Company's indemnification obligations; (v) the costs of any litigation, director and officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the

Company; (vi) all third party professional fees incurred in connection with the business or management of the Company; (vii) all expenses of liquidating the Company; (viii) any taxes, fees or other governmental charges levied against the Company and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Company; and (ix) reasonable office rent, furniture and fixtures, stationary, secretarial/administrative services, salaries, entertainment expenses, and employee insurance and payroll taxes.

2.10 Removal of Managers. Neither Crowley nor Daniels may be removed as a Manager other than for "cause" (as hereinafter defined). For purposes of this Agreement, "cause" shall be limited to a material breach of this Agreement, fraud, gross negligence, criminal activity or willful misconduct involving the Company or the Manager's performance of its duties. The resignation or removal of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of such Manager as a Member. Other Managers may be removed, with or without cause, by the approval of the Board of Managers.

### **ARTICLE III**

#### **CAPITAL ACCOUNTS AND MEMBERSHIP UNITS**

##### 3.01 Capital Contributions.

(a) Each Member, unless otherwise approved by the Board of Managers, has made (or, simultaneously herewith, shall make) a Capital Contribution to the Company in the amounts set forth in the books and records of the Company, which Capital Contribution may, with the consent of the Board of Managers, be made in cash, in-kind and/or in services. Capital Contributions made in-kind shall be valued for the purposes of determining the amount set forth in the books and records of the Company by the Board of Managers in its sole discretion.

(b) The Members may make, but shall not be required to make, additional Capital Contributions to the Company at the times and in the aggregate amounts determined solely by the Board of Managers.

(c) All Capital Contributions to the Company under this Section 3.01 shall be credited to the Members' relevant Capital Account.

(d) A Member shall not have any obligation to the Company or to any other Member to restore any negative balance in the Capital Accounts of such Member. No interest shall be paid by the Company on any Capital Contributions.

(e) The Board of Managers hereby covenants and agrees that the Board of Managers will maintain a balance in its Capital Account sufficient to ensure that the Company is treated as a partnership for federal income tax purposes.

##### 3.02 Membership Units.

(a) The Membership Units of the Company shall be represented by issued and outstanding Membership Units, which may be divided into one or more Classes or Series. Each Class or Series of Membership Units shall have the privileges, preferences, duties, liabilities, obligations and rights, including voting rights, if any, authorized by this Agreement with respect

to such Class or Series. Upon any change in the number or ownership of outstanding Membership Units (whether upon issuance of Membership Units, a Transfer of Membership Units, a cancellation or redemption of Membership Units or otherwise), the Board of Managers shall amend and update Schedule A and shall deliver a copy of such updated ledger to each Member upon request; provided that any error or delay in amending and updating Schedule A or in delivering a copy of Schedule A to the Members shall not delay or alter the effect of the change in ownership. Absent manifest error, the ownership interests recorded on Schedule A shall be conclusive record of the Membership Units that have been issued and are outstanding.

(b) Authorized Membership Units. The total Membership Units which the Company has authority to issue shall, subject to approval as may be required by Section 2.02(b), be determined by the Board of Managers from time to time, and shall initially consist of 100,000,000 Membership Units. In addition, subject to and in compliance with Sections 2.02(a) and 2.02(b) hereof, the Board of Managers, in its sole discretion, shall hereinafter have the power from time to time to authorize and issue additional Membership Units, and create one or more new Class or Series of Membership Units, and in each such event shall establish, determine and fix the relative rights, powers, duties and preferences thereof, including, without limitation, voting rights, rights to allocations of Profits and Losses, rights to distributions (liquidating or otherwise), whether or not such Membership Units shall be subject to redemption or conversion or exchange for any other Membership Units and all other rights, and the qualifications, limitations and restrictions thereof, granted to and imposed upon such new Class or Series of Membership Units, and the resolution or resolutions of the Board of Managers effecting such designation shall, with no need for any further vote, consent, approval or other action by any Member, constitute an amendment of this Agreement, and a copy of such resolution or resolutions shall be appended as a schedule to this Agreement (and such schedule shall thereafter constitute an integral part of this Agreement for all purposes).

3.03 Certificates. The Membership Units of each Member shall not be certificated unless otherwise determined by the Board of Managers.

#### 3.04 Capital Accounts.

(a) An individual capital account ("Capital Account") shall be established and maintained for each Member. The Capital Account for each Member shall:

(i) be increased by (i) the amount of money contributed or deemed contributed by that Member to the Company, (ii) the fair market value of property contributed or deemed contributed by that Member to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), and (iii) allocations to that Member of Profits and any other Company income and gain (or items thereof), including income and gain which are specially allocated to such Member pursuant to Section 3.07 and Section 3.08 hereof; and

(ii) be decreased by (i) the amount of money distributed to that Member by the Company, (ii) the fair market value of property distributed to that Member by the Company (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under Section 752 of the Code), and (iii) allocations of Losses and any

other Company loss and deduction (or items thereof), including loss and deduction which are specially allocated to such Member pursuant to Section 3.07 and Section 3.08 hereof.

(b) The Members' Capital Accounts also shall be maintained and adjusted as required by the provisions of Regulations §§ 1.704-1(b)(2)(iv) and 1.704-1(b)(4), including adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for book purposes rather than the allocation of the corresponding items as computed for tax purposes, as required by Regulations § 1.704-1(b)(2)(iv)(g). On the transfer or all or part of a Membership Unit, the Capital Account of the transferor that is attributable to the transferred Membership Unit or part thereof shall carry over to the transferee Member in accordance with the provisions of Regulations § 1.704-1(b)(2)(iv)(l). If the Board of Managers determines that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases to the Capital Accounts, are computed in order to comply with such Regulations, the Board of Managers may authorize such modifications; provided that such modifications shall not have an adverse and disproportionate effect on the amounts distributed to any Member without the approval of such affected Member, such approval not to be unreasonably withheld, conditioned, or delayed. Any references in this Agreement to the Capital Account of a Member shall be deemed to refer to such Capital Account as the same may be increased or decreased from time to time as set forth above.

(c) If any Member has a deficit balance in his, her or its Capital Account, such Member shall have no obligation to restore such negative balance or to make any Capital Contributions to the Company by reason thereof, and such negative balance shall not be considered an asset of the Company or of any Member.

3.05 Determination by the Board of Managers of Certain Matters. All matters concerning valuations and the allocation of profits, taxable income, deductions, credits, income and losses among the Members, including taxes thereon and accounting procedures, not expressly provided for by the terms of this Agreement shall be equitably determined in good faith by the Board of Managers, whose determination shall be final, conclusive and binding as to all of the Members.

3.06 Profits and Losses. After giving effect to the special allocations set forth in Sections 3.07 and 3.08 hereof, Profits or Losses for any taxable year (or portion thereof) beginning on or after the Effective Date shall be allocated to the Members as follows:

(a) The Company's Profits shall be allocated to the Members having Capital Account Shortfalls for such taxable year in proportion to their respective Capital Account Shortfalls, except that Operating Profits shall be allocated to the Members in proportion to their Percentage Interest.

(b) The Company's Losses shall be allocated to the Members having Capital Account Excesses for such taxable year in proportion to their respective Capital Account Excesses, except that Operating Losses shall be allocated to the Members in proportion to their Percentage Interest; provided, however, that Losses allocated pursuant to this Section 3.06(b) shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any taxable year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of

Losses pursuant to the first sentence of this Section 3.06(b), the limitation set forth in this Section 3.06(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Regulations §1.704-1(b)(2)(ii)(d).

3.07 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Notwithstanding any other provision of this Article III, if there is a net decrease in Company Minimum Gain during any Company taxable year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in accordance with Regulations §1.704-2(f). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. This Section 3.07(a) is intended to comply with the minimum gain chargeback requirement in Regulations §1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement except Section 3.07(a) hereof, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Company taxable year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations § 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in accordance with Regulations §1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations § 1.704-2(i)(4). This Section 3.07(b) is intended to comply with the minimum gain chargeback requirement in Regulations §1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations §§1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) that would create an Adjusted Capital Account Deficit for such Member, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 3.07(c) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Agreement have been tentatively made as if this Section 3.07(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has an Adjusted Capital Account Deficit at the end of any Company taxable year, each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.07(d) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Agreement have been tentatively made as if Section 3.07(d) hereof and this Section 3.07(d) were not in this Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any taxable year or other period shall be allocated among the Members in accordance with their respective Percentage Interest.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any taxable year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations §1.704-2(i).

(g) Excess Nonrecourse Liabilities. The Excess Nonrecourse Liabilities of the Company shall be allocated among the Members up to the amount of any remaining built-in gain after the application of Regulation §1.752-3(a)(2) and thereafter among the Members in accordance with their respective Percentage Interest.

3.08 Curative Allocations. The allocations set forth in Section 3.07 hereof (herein referred to as the “Regulatory Allocations”) are intended to comply with certain requirements of Regulations §1.704-1(b). Notwithstanding any other provisions of this Agreement (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Profits, Losses, and items of income, gain, loss, and deduction in the current or future taxable years among the Members so that, to the extent possible, the net amount of such allocations of Profits, Losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

### 3.09 Tax Allocations.

(a) Except as provided in Sections 3.09(b), 3.09(c) and 3.09(d) hereof, all income, gains, losses, deductions and credits of the Company shall be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts, except that if any such allocation for tax purposes is not permitted by the Code or other applicable law, the Company’s subsequent income, gains, losses, deductions and credits shall be allocated among the Members for tax purposes, to the extent permitted by the Code and other applicable law, so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of Company income, gain, loss and deduction with respect to any property contributed or deemed contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members in accordance with Code Section 704(c) using such method as is determined by the Board of Managers, so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value.

(c) If the Gross Asset Value of any Company property is adjusted pursuant to clause (b) of the definition of “Gross Asset Value”, subsequent allocations of items of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such property for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

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

(e) Allocations pursuant to this Section 3.09 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, distributions or other items pursuant to any provision of this Agreement.

### 3.10 Miscellaneous Allocation Provisions.

(a) For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Board of Managers using any permissible method under Code Section 706 and the Regulations thereunder.

(b) Except as otherwise provided in this Agreement, all items of Company income gain, loss, deduction, and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the year.

## **ARTICLE IV DISTRIBUTIONS AND WITHDRAWALS FROM CAPITAL ACCOUNTS**

### 4.01 Withdrawals from Capital Accounts.

(a) No Member may make withdrawals from his or her Capital Account without the written consent of the Supermajority in Interest of the Members.

(b) The proceeds payable to any Member withdrawing all or a portion of an Interest shall be reduced, in the sole discretion of the Board of Managers, by (i) legal, accounting or administrative expenses incurred in connection with any valuation of the Company, and (ii) fees, charges and penalties (including redemption penalties) incurred in connection with the liquidation of its investments.

(c) The Board of Managers may distribute amounts due in respect of any withdrawal in cash, in kind or in a combination thereof as determined by the Board of Managers; provided, however, that in kind distributions shall only be made with the written consent of the Supermajority in Interest of the Members.

4.02 Distributions Generally. Except as otherwise provided in Section 4.03 hereof, and subject to any consent required pursuant to Section 2.02 hereof, Distributable Cash Flow shall be distributed to the Members at the times and in the amounts at least in proportion to their Percentage Interest as determined by the Board of Managers, provided that the Board of Managers shall make distributions of Distributable Cash Flow, if any, on an annual basis to the extent practicable.

#### 4.03 Tax Distributions.

(a) The Company shall use commercially reasonable efforts to distribute to each Member in cash, with respect to each fiscal year, prior to making any distributions pursuant to Section 4.02 hereof, an amount equal to the aggregate federal, state and local income tax liability, including estimated tax payments, such Member would have incurred (or estimated to incur) arising from allocations of taxable income (including gross items thereof, but excluding items specifically attributable to Section 743(b) of the Code) as a result of such Member's ownership of Membership Units calculated (i) as if such Member were taxable at a tax rate equal to the highest combined marginal federal, state, and local income tax rates applicable to an individual resident in Massachusetts, which rate shall be applied to all Members regardless of the actual tax rate of such Member; (ii) as if allocations of such taxable income were, for such year, the sole source of income and loss for such Member, but subject to the maximum marginal income tax rates described in clause (i) above regardless of the amount of such taxable income, (iii) by taking into account the character of such income and reduced long-term capital gain rates, where applicable, and (iv) by taking into account any items of loss, deduction and expense previously allocated by the Company to such Member to the extent not previously taken into account under this clause (iv) (such distributions being referred to herein as "Tax Distributions"). The Company shall use commercially reasonable efforts to make Tax Distributions with respect to a taxable year on a quarterly basis to allow the Members to pay estimated taxes with respect to their allocable shares of taxable income. If the amount of Tax Distributions actually made with respect to a taxable year is less than such amount calculated pursuant to this Section 4.03(a), the Company shall distribute the amount of such shortfall as soon as practicable and prior to any other distributions.

(b) No Tax Distribution pursuant to Section 4.03 shall be made (i) for the quarter in which the Company sells or otherwise disposes of all or substantially all of its assets or any period thereafter, or (ii) for the quarter in which the Company dissolves or any period thereafter.

(c) Any Tax Distribution made pursuant to Section 4.03 shall not be a separate economic right to a distribution under this Agreement but rather an advance against and reduce (dollar-for-dollar) distributions to which such Member is otherwise entitled to under the terms of this Agreement so that the cumulative amounts distributed to the Member under this Agreement will be the same as the respective amounts that would have been distributed to the Member if no distributions had been made pursuant to this Section 4.03.

(d) Notwithstanding the foregoing, the Company may offset Excess Tax Distributions made to a Member in respect of a taxable year commencing on or after the date of this Agreement (to the extent not previously treated as an advance against distributions in accordance with Section 4.03 hereof) against Tax Distributions that otherwise would be made to such Member with respect to subsequent taxable years.

(e) Notwithstanding the foregoing, the Company shall not be required to make Tax Distributions if and to the extent (i) the Company does not have sufficient Distributable Cash Flow as determined by the Board of Managers after consideration of the Company's liabilities and obligations; (ii) such distributions would reasonably be expected by the Board of Managers to

cause an Insolvency Event; or (iii) such distribution is prohibited by any restrictions in the Company's or its Subsidiaries' applicable financing agreements.

(f) In determining the amount of any distribution pursuant to Section 4.02(a) hereof, the Company shall take into account any amount withheld or required to be paid to a taxing authority on behalf of such Member pursuant to Section 4.05 hereof.

#### 4.04 Amounts to Withhold.

(a) The Company shall at all times be entitled to make payments required to discharge any obligation of the Company to withhold or make payments to any governmental authority with respect to any United States federal, state or local tax liability or any other tax liability of any Member liable for such taxes arising out of such Member's ownership of Units in the Company (herein referred to as "Withholding Payments"). For purposes of this Agreement, any such Withholding Payments shall be treated as a Tax Distribution to the Members on behalf of whom the withholding or payment was made and shall reduce the Tax Distributions otherwise payable to such Member. To the extent any amount withheld with respect to a Member pursuant to this Section 4.05(a) for any year exceeds the amount distributable to such Member for such year, such Member shall repay such excess to the Company within ten days after such Member receives written notice from the Company of the amount of such excess, except that, at the option of the Board of Managers, the Company may reduce distributions which would otherwise be made to such Member until the Company has recovered the amount owed by such Member (and the amount of such reduction will be deemed to have been distributed for all purposes, but such deemed distribution will not further reduce the Member's Capital Account). The Company may make, on behalf of its Members, composite tax return filings in those states and other jurisdictions in which the Company is required by law to file an income tax return and is permitted to file a composite tax return filing on behalf of its Members; and shall in such event pay all state income taxes payable pursuant to any such state composite tax return to the extent permitted by law. Any such tax payments in respect of a Member shall be deemed to be a Tax Distribution in respect to such Member subject to the provisions with respect thereto in this Agreement (and shall reduce the amount of Tax Distributions otherwise payable to such Member). In the event that the distributions to a Member are reduced on account of taxes withheld at the source or any taxes are otherwise required to be paid by the Company and such taxes are imposed on or with respect to one or more, but not all of the Members, the amount of the reduction shall be borne by the relevant Members and treated as if it were paid by the Company as a Withholding Payment with respect to such Members pursuant to this Section 4.05(a). Taxes imposed on the Company where the rate of tax varies depending on characteristics of the Members shall be treated as taxes imposed on or with respect to the Members for purposes of this Section 4.05(a).

(b) Any "imputed underpayment" within the meaning of Section 6225 of the Code paid (or payable) by the Company as a result of an adjustment with respect to any Company item, including any interest or penalties with respect to any such adjustment (herein referred to, collectively, as an "Imputed Underpayment Amount") shall be treated as if it were paid by the Company as a Withholding Payment with respect to the appropriate Members. The Board of Managers shall determine or approve in accordance with this Section 4.05(b) the portion of an Imputed Underpayment Amount attributable to each Member or former Member in a fair and equitable manner, taking into account any modifications attributable to such Member or former Member pursuant to Section 6225(c) of the Code, as amended by Section 1101 of P.L. 114-74 (if

applicable). Imputed Underpayment Amounts treated as Withholding Payments also shall include any imputed underpayment within the meaning of Code Section 6225 paid (or payable) by any entity treated as a partnership for U.S. federal income tax purposes in which the Company holds (or has held) a direct or indirect interest other than through entities treated as corporations for U.S. federal income tax purposes to the extent that the Company bears the economic burden of such amounts, whether by law or agreement.

(c) Each Member and its successors and assignees agrees to indemnify and hold harmless the Company from and against any and all liability with respect to Withholding Payments required on behalf of, or with respect to, such Member. A Member's obligation to so indemnify shall survive the liquidation and dissolution of the Company or any Transfer, assignment or liquidation of such Member's interest in the Company and the Company may pursue and enforce all rights and remedies it may have against each such Member or former Member in this Section 4.05(c).

## **ARTICLE V**

### **REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS**

#### **5.01 Members' Representations.**

(a) Each Member (each, a "Person"), represents, warrants and covenants that (which representation, warranty and covenant shall be in addition to and not in lieu of any other representation, warranty and covenant given by such Person to the Company in any other agreement between such Person and the Company):

(i) such Person has all requisite power and authority to enter into this Agreement and perform such Person's obligations hereunder;

(ii) this Agreement has been duly and validly executed and delivered by such Person and is enforceable against it, in accordance with its terms, and the performance of such Person's obligations hereunder shall not conflict or result in the violation of, any agreement, lease, instrument, license, permit or other authorization applicable to such Person;

(iii) such Person acknowledges that the Interests are subject to transfer restrictions and consents that stop transfer instructions in respect of the Interests may be issued to any transfer agent, transfer clerk or other agent at any time acting for the Company;

(iv) such Person acknowledges that purchase of the Interests may involve tax consequences. The Person confirms that he or she is not relying on any statements or representations of the Company or any of its agents or legal counsel with respect to the tax and other economic considerations of an investment in the Interests and acknowledges that the Person must retain his or her own professional advisors to evaluate the federal, state and local tax and other economic considerations of an investment in the Interests. The Person also acknowledges that he or she is solely responsible for any of his or her own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement;

(v) such Person acknowledges that the Company will review and rely upon the representations, warranties and covenants contained in this Agreement without making any independent investigation, and that the representations, warranties and agreements made by the Person shall survive the execution and delivery of this Agreement and the purchase of the Interests;

(vi) such Person hereby represents that, except as expressly set forth in this Agreement, no representations or warranties have been made to the Person by the Company or any agent, employee or Affiliate of the Company, related to the performance of the Company or otherwise, and in entering into this transaction, the Person is not relying on any information other than that which is the result of independent diligence; and

(vii) such Person acknowledges the risks associated with his, her, or its investment in the Company, especially as it pertains to the risks related to the cannabis and marijuana industry including, but not limited to: increased competition, illegality under federal law, new and evolving industry, changing laws, barriers to entry, etc.

(b) All of the foregoing representations and warranties and the foregoing indemnity shall survive the withdrawal of any Person and the termination of this Agreement.

## **ARTICLE VI**

### **ADMISSION OF NEW MEMBERS**

6.01 Admission of Additional or Substitute Members. The Board of Managers may, at any time admit one or more new Members, subject to: (a) the federal and state restrictions on transfers of Securities, (b) Article III regarding authorized Membership Units and Section 2.02 regarding any required consents in connection therewith, (c) Section 6.02 regarding an issuance of Membership Units by the Company, (d) Article VII regarding Transfer and Withdrawal, and (e) subject to the condition that each such new Member shall execute an appropriate supplement to this Agreement pursuant to which it agrees to be bound by the terms and provisions hereof. A description of each new Member admitted to the Company under this Section 6.01 shall be reflected on Schedule A as of the effective date of its admission. Admission of a new Member shall not be a cause for dissolution of the Company. The Admission of a new Member shall result in the dilution of existing Members.

#### 6.02 Right of First Refusal.

(a) The Company shall, prior to any proposed issuance by the Company of any of its securities (other than debt securities with no equity feature) and other than Excluded Securities (“New Securities”), offer to each of the Members (each a “Participating Member,” and collectively, the “Participating Members”), by written notice (“Issue Notice”) the right, for a period of twenty (20) days, to purchase for cash at an amount equal to the price or other consideration for which the New Securities are to be issued, a portion of the New Securities equal to the Percentage Interest of each such Participating Member (as to each Participating Member, the “Pro Rata Share”). The right of first refusal under this Section 6.02 may not be assigned by any Member without the approval of the Board of Managers.

(b) The Issue Notice shall describe the New Securities proposed to be issued and specify the number, price and payment terms. Each Participating Member may accept the

Company's offer as to its full Pro Rata Share of the New Securities or any lesser number, by written notice thereof given by it to the Company prior to the expiration of the aforesaid twenty (20) day period, in which event the Company shall promptly sell and the accepting Member shall buy, upon the terms specified, the number of New Securities agreed to be purchased by such Member.

(c) Each Participating Member shall also have a right of oversubscription such that if any Participating Member ("Declining Member") declines to purchase any or all of its Pro Rata Share of New Securities, the other Participating Members shall, among them, have the right to purchase, on the terms and conditions set forth in the Issue Notice, some or all of the balance of the New Securities not purchased by the Declining Member ("Available Securities"). This right of oversubscription shall only be exercised by a Member indicating in its written notice to the Company its desire to purchase more than its Pro Rata Share of New Securities. If the total number of New Securities so exercised in the oversubscriptions exceed the total number of Available Securities, the oversubscribing Participating Members shall only be entitled to purchase the Available Securities on a pro rata basis in accordance with the respective amounts of New Securities as to which each such oversubscribing Participating Member shall have requested in exercising its right of oversubscription, or as they may otherwise agree among themselves.

(d) The Company shall be free at any time prior to one hundred and eighty (180) days after the date of the Issue Notice to offer and sell to any third party or parties the remainder of the New Securities (including but not limited to those New Securities which the Participating Members have elected not to purchase), at a price and on payment terms no less favorable to the Company than those specified in the Issue Notice. If, however, any such third party sale or sales are not consummated within the aforesaid one hundred and eighty (180) day period, the Company shall not sell any New Securities that were not purchased within such period without again complying with this Section 6.02.

## **ARTICLE VII**

### **TRANSFER AND WITHDRAWAL**

#### **7.01    Withdrawals.**

(a) No Member may withdraw from the Company or make a demand for or receive paid-in capital without the prior written consent of the Board of Managers, which consent may be withheld in its sole and absolute discretion; provided, however, that any return of capital to such Member is subject to Section 4.03.

#### **7.02    Member Dissociation.**

(a) Any Member ("Subject Member") may, in the sole discretion of the Board of Managers, be required to fully withdraw from the Company and sell all of such Subject Member's Membership Units to the Company if: (i) the Subject Member or an Affiliated/Associated Person of such Member has been convicted of a misdemeanor involving fraud, deceit or embezzlement or any felony by a court of competent jurisdiction, with respect to which conviction any further right of the Subject Member or Affiliated/Associated Person of

such Member to appeal shall have been exhausted or expired, or (ii) the Subject Member or an Affiliated/Associated Person of such Member has been convicted by a court of competent jurisdiction of violating securities laws or commodities trading laws, with respect to which conviction any further right of the Subject Member or Affiliated/Associated Person of such Member to appeal shall have been exhausted or expired, or (iii) the Commission, Financial Industry Regulatory Authority Inc., Commodities Futures Trading Commission, National Futures Association or any other regulatory or administrative agency which oversees or regulates investment activities determines that the Subject Member or an Affiliated/Associated Person of such Member has violated a rule or regulation of such commission, association or agency, with respect to which conviction any further right of the Subject Member or Affiliated/Associated Person of such Member to appeal shall have been exhausted or expired.

(b) Without limiting Section 7.02(a), in the event that any Member (“Indicted/Investigated Member”) or an Affiliated/Associated Person of such Member has been indicted for any of the offenses or violations listed in clauses (i) or (ii) of Section 7.02(a), or is subject to an investigation by a regulatory agency of the type listed in clause (iii) of Section 7.02(a) regarding violation of a rule or regulation: (x) such Indicted/Investigated Member will be required to withdraw from the Company and sell all of such Member’s Membership Units to the Company, if so requested to withdraw by the determination of the Board of Managers in its sole discretion, or (y) the Board of Managers may propose such other sanction or arrangement, to be agreed upon by the Indicted/Investigated Member or Affiliated/Associated Person of such Member, regarding the relationship between the Company and the Indicted/Investigated Member or Affiliated/Associated Person of such Member.

(c) If (i) any of the representations given in (A) Article V of this Agreement or (B) any other agreement with the Company, by a Member (“Misrepresenting Member”) or an Affiliated/Associated Person of such Member is materially false or ceases to be true in a respect which is, in the reasonable opinion of the Board of Managers, materially adverse to the Company or the other Members, (ii) a Member (“Breaching Member”) or an Affiliated/Associated Person of such Member has breached its agreements or obligations hereunder or thereunder and the consequences of such breach are, in the reasonable opinion of the Board of Managers, materially adverse to the Company or the other Members, or (iii) the continued participation of any Member (“Regulatory Adverse Member”) or an Affiliated/Associated Person of such Member in or with the Company or any Subsidiary or Affiliate of the Company would, in the Board of Managers’ reasonable opinion, cause undue risk of adverse tax, regulatory or other consequences to the Company or any Affiliate of the Company or would be materially detrimental to the business, operations or commercial reputation of the Company or any Subsidiary or Affiliate of the Company, the Board of Managers may, upon written notice to the Misrepresenting Member, Breaching Member or Regulatory Adverse Member, as applicable, require such Misrepresenting Member, Breaching Member or Regulatory Adverse Member to fully withdraw from the Company and sell all of such Member’s Membership Units to the Company (irrespective of whether the subject misrepresentation, breach or regulatory consequence involves such Member or an Affiliated/Associated Person of such Member).

(d) A Member who is required to withdraw from the Company pursuant to this Section 7.02 (a “Dissociation”) shall be entitled to receive, in exchange for all of such Member’s outstanding Membership Units, the fair market value of such Membership Units, as determined by the Board of Managers, in its sole discretion, taking into account all factors

affecting its fair market value. The foregoing purchase price shall be paid, at the sole option of the Board of Managers, in either (i) one lump sum cash payment or (ii) by the delivery of the Company to such Member of an unsecured promissory note, in form prescribed by the Company, providing for the payment of such purchase price in five (5) equal annual installments, together with accrued and unpaid interest at the Applicable Federal Rate, with the first of such installments beginning on the closing of such repurchase by the Company (except that the Company may, in the sole discretion of the Board of Managers, prepay such installments at any time without premium or penalty), which closing shall be at a time and place as selected by the Board of Managers and communicated to such Member.

(e) A Member subject to Dissociation shall execute all documents in connection with his, her or its withdrawal from the Company as the Board of Managers shall reasonably require.

7.03 Death or Dissolution of a Member. Upon the death or dissolution of a Member, the Board of Managers may, upon written notice to the estate or representative of such Member, require such estate, representative or Member, as applicable, to sell all of such Member's Membership Units to the Company at a price equal to the fair market value of such Membership Units, as determined by the Board of Managers in its sole discretion. Written notice under this provision must be provided within ninety (90) days of the death of said member. The provisions of Section 7.02(d) shall govern the terms and payment of the purchase price and closing mechanics for any repurchase of Membership Units under this Section 7.03. Notwithstanding the foregoing, the estate or representative of David Crowley and/or Grover Daniels shall not be required to sell the Membership Units of said member, unless the beneficiaries of Crowley or Daniel's estate, as the case may be, who are entitled to acquire such Membership Units consent to the sale of the Membership Units.

7.04 Life Insurance.

(a) The Company may in the sole discretion of the Board of Managers maintain life insurance policies on the lives of certain Members, with the Company named as the sole beneficiary, in such amounts the Board of Managers, in its sole discretion, deems appropriate to satisfy all or a portion of any purchase price in respect of a deceased Member as determined pursuant to Section 7.03. The Company shall be responsible for, and agrees to pay, the premiums for such insurance policies.

(b) The Members agree to cooperate in the acquisition of all such insurance by performing all requirements of the insurance company which are necessary for the issuance of such insurance, including medical examinations.

7.05 Restriction on Transfer and Assignment.

(a) No Member shall Transfer or offer to Transfer all or any part of such Member's Interest in the Company without complying with this Section 7.05 and without the prior written consent of the Board of Managers, which consent may be withheld in its sole and absolute discretion.

(b) Any Transfer of any interest in the Company in contravention of Section 7.05(a) hereof shall be void and ineffective, and shall not bind, or be recognized by, the Company or any other party. No purported assignee shall have any rights under this Agreement.

(c) Substituted Member.

(i) No Member shall have the right to substitute an assignee as a Member in such Person's place. The Board of Managers shall, however, have the right to permit, in its sole discretion, such an assignee to become a substituted Member ("Substituted Member"). If granted, such permission by the Board of Managers shall be binding and conclusive without the consent or approval of any other Member.

(ii) Upon the admission of a Substituted Member, a counterpart of the Schedule A annexed hereto shall be amended to reflect the description of such Substituted Member and to eliminate the assigning Member. Each Person, as a condition of becoming a Member in the Company, shall execute such instrument or instruments as shall be required by the Board of Managers to signify such Substituted Member's agreement to be bound by all the provisions of this Agreement.

(d) Effect of Assignment.

(i) Any Person who shall assign such Person's Interest in the Company shall cease to be a Member of the Company and shall no longer have any rights or privileges of a Member, except that, unless and until the assignee of such Member is admitted as a Substituted Member in accordance with the provisions of this Agreement, such assigning Member shall retain the statutory rights and obligations of an assignor Member under applicable law.

(ii) Any Person who acquires in any manner whatsoever any Interest in the Company, irrespective of whether such Person has accepted and adopted in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefits of the acquisition thereof to have agreed to be subject to and bound by all the obligations of this Agreement that any predecessor in interest of such person was subject to or bound by.

(e) Permitted Transfers. Notwithstanding the provision of this Section 7.05, each Person may, during his lifetime, transfer his or her Interest without the prior consent of the other Members or the Board of Managers without complying with Section 7.05 herein (i) to a trust or other legal entity in which such trust or entity is controlled directly or indirectly by the Person or for the benefit of such Person or such Person's spouse, children and direct lineal descendants of such children, or (ii) to any Affiliate of such Person (collectively a "Permitted Transferee"). Any Permitted Transferee which so succeeds to an Interest as a result of such a Transfer shall become a Substitute Member only upon compliance with the provisions of this Agreement. A Substitute Member shall have all of the rights of the Person whose Interest was so acquired. Notwithstanding the forgoing, if a Permitted Transferee is, in the reasonable opinion of the Board of Managers, a Person who could trigger a Dissociation under Section 7.02, such Transfer shall be prohibited and void on its face.

(f) Right of First Refusal.

(i) In the event that a Member receives an offer from a third party to purchase any or all of the Member's Interest (an "ROFR Third-Party Purchaser"), such Member (the "ROFR Selling Member") shall provide written notice (the "ROFR Sale Notice") to the Board of Managers and all other Members stating the terms of such proposed sale, including, without limitation, the purchase price and payment terms for such Interest (the "ROFR Sale Terms"), and including copies of all materials (including, without limitation, a signed term sheet) with respect to such proposed sale. Each other Member shall have the exclusive right, not more than thirty (30) days after receipt of the ROFR Sale Notice (during which time the ROFR Selling Member may not sell such Interest to the ROFR Third-Party Purchaser), to either: (i) decline to purchase such Interest from the ROFR Selling Member, or (ii) provide to the ROFR Selling Member a written notice (the "ROFR Acceptance") stating that the other Member (a "ROFR Purchasing Member") has agreed to acquire the Interest of the ROFR Selling Member in accordance with the ROFR Sale Terms.

(ii) If an ROFR Acceptance is given by a ROFR Purchasing Member to the ROFR Selling Member as provided in Section 7.05(f)(i) above, the ROFR Selling Member shall sell the subject Interest to the ROFR Purchasing Member pursuant to the ROFR Sale Terms. If more than one ROFR Purchasing Member delivers a ROFR Acceptance, each such ROFR Purchasing Member shall be allocated its Pro Rata Portion of the subject Interest, unless otherwise agreed by such ROFR Purchasing Members.

(iii) Failure of a Member to deliver the ROFR Acceptance within thirty (30) days of receipt of the ROFR Sale Notice shall be deemed to be an election by such Member not to purchase the Interest of the ROFR Selling Member as provided pursuant to Section 7.05(g). In the event no Member elects (or no Members elect) to purchase all of such Interest of the ROFR Selling Member, the ROFR Selling Member may then sell such Interest to the ROFR Third-Party Purchaser, provided that (1) such sale to the ROFR Third-Party Purchaser is pursuant to terms not less favorable than the ROFR Sale Terms, as certified to the other Members by the ROFR Selling Member, (2) is consummated within 90 days following the expiration of the 30 day period set forth in Section 7.05(g)(i) and (3) the transfer otherwise complies with this Agreement. If the ROFR Selling Member desires to sell the applicable Interest to an ROFR Third-Party Purchaser on terms less favorable than the ROFR Sale Terms provided to the other Members, the ROFR Selling Member may not sell such Interest without first providing the other Members with a revised ROFR Sale Notice and complying with the terms and provisions of this Section 7.05(f), however, the time period for the other Members to review and accept or deny such ROFR Sale Terms shall be fifteen (15) days. If the ROFR Selling Member does not complete such sale within such 90 day period, the ROFR Selling Member shall be prohibited from selling any Membership Units without first complying again with the provisions of this Section 7.05(g)

(iv) Notwithstanding the foregoing, this Section 7.05(g) shall not apply and no Member shall have any right to purchase the Interest of the other Members in connection with a Permitted Transfer.

(g) All of the rights afforded under Section 7.05(f) shall terminate upon consummation of an Initial Public Offering.

#### 7.06 Drag-Along Rights.

(a) If, at any time and from time to time (a) the Board of Managers and (b) a Supermajority in Interest of the Members (herein referred to, collectively, as the “Participating Members”), approves a Change-of-Control Event (as so approved, herein referred to as a “Drag-Along Transaction”), then each Member agrees (i) to vote all Membership Units at any regular or special meeting of Members (or consent pursuant to a written consent in lieu of such meeting) in favor of such Drag-Along Transaction, and to raise no objections against the Drag-Along Transaction or the process pursuant to which the Drag-Along Transaction was arranged, (ii) to waive any and all dissenters’, appraisal or similar rights with respect to such Drag-Along Transaction, (iii) not to deposit, and to cause their Affiliates not to deposit, any Membership Units owned by such party or Affiliate in a voting trust or subject any Membership Units to any arrangement or agreement with respect to the voting of such Membership Units, unless specifically requested to do so by the acquirer in connection with the Drag-Along Transaction, and (iv) if the Drag-Along Transaction is structured as a sale of Membership Units by the Members, to sell the Membership Units then owned by such Member on the terms and conditions of such Drag-Along Transaction. Each Member will take all necessary and desirable actions in connection with the consummation of the Drag-Along Transaction, including entering into an agreement reflecting the terms of the Drag-Along Transaction, surrendering Membership Unit certificates, giving customary and reasonable representations and warranties, and executing and delivering customary certificates or other documents; provided, however, that the liability for indemnification, if any, of such Member in the Drag-Along Transaction and for the inaccuracy of any representations and warranties made by the Company in connection with such Drag-Along Transaction, is several and not joint with any other Person (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any Member of any of identical representations, warranties and covenants provided by all Members), and is pro rata in proportion to the amount of consideration paid to such Member in connection with such Drag-Along Transaction (in accordance with the provisions of Section 8.02(d) hereof).

(b) Upon the consummation of the Drag-Along Transaction, each Member will Transfer Membership Units on the same terms and will receive the same form of consideration and the same portion of the aggregate consideration that such Members would have received if such aggregate consideration had been distributed by the Company in complete liquidation pursuant to the rights and preferences set forth in Section 8.02(d) hereof.

(c) In order to exercise the rights under this Section 7.06, the Board of Managers must give notice to the Members not less than forty-five (45) days prior to the proposed date upon which the contemplated sale is to be effected. In addition, the Board of Managers shall furnish to the Members all such agreements, documents and instruments to be executed in connection with such transaction and shall afford the Members a reasonable period of time (but in any event not less than ten (10) business days) within which to review such agreements, documents and instruments. The Members will take all reasonable actions in connection with the consummation of the Drag-Along Transaction as requested by the Company.

(d) Each Member hereby constitutes and appoints as the proxies of such Member and hereby grants a power of attorney to any officer of the Company, with full power of substitution, with respect to the matters set forth in this Section 7.06, and, if and only if the Member (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of this Section 7.06, hereby authorizes each of them to represent and vote all of such Member's Membership Units in favor of the approval of any transaction pursuant to and in accordance with the terms and provisions of this Section 7.06. Each of the proxy and power of attorney granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company and the parties in connection with the transactions contemplated by this Agreement and, as such, each is coupled with an interest and shall be irrevocable unless and until this Agreement terminates or expires pursuant to Article VIII hereof.

(e) The obligations of the Members pursuant to this Section 7.06 are subject to the following terms and conditions:

(i) the Company shall bear the reasonable, documented costs incurred in connection with any Drag-Along Transaction under this Section 7.06 (costs incurred by or on behalf of any Member for such Member's sole benefit will not be considered costs of the transaction hereunder) unless otherwise agreed by the Company and the third party purchaser, in which case no Member shall be obligated to make any out-of-pocket expenditure prior to the consummation of such transaction (excluding modest expenditures for postage, copies, and the like) and no Member shall be obligated to bear any portion (or, if paid, shall be entitled to be reimbursed by the Company for that portion paid) that is more than its proportionate share (based on the proportionate share of the consideration received in such transaction by such Member as among all Members) of reasonable expenses incurred in connection with such transaction;

(ii) no Member shall consummate any such Drag-Along Transaction unless the aggregate cash proceeds and readily liquid assets to be received by each Member in connection with such transaction shall equal or exceed the amount of any income tax that shall become due and payable by such Member as a result of the recognition of taxable income or gain recognized by such Dragged Member in connection with such transaction.

(f) Change of Control Events. In the event that any portion of the consideration payable to the Company or the Members in connection with a Change-of-Control Event (including, without limitation, any Drag-Along Transaction) is payable only upon satisfaction of contingencies (herein referred to as the "Additional Consideration"), the definitive agreement memorializing such Change-of-Control Event shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, herein referred to as the "Initial Consideration") shall be allocated among the Members in accordance with the priorities and liquidation preferences set forth under Section 8.02(d) hereof as if the Initial Consideration were the only consideration payable in connection with such Change-of-Control Event; and (b) any Additional Consideration which becomes payable to the Members upon satisfaction of such contingencies shall be allocated among Members in accordance with the priorities and liquidation preferences set forth in Section 8.02(d) hereof after taking into account the previous payment of the Initial Consideration as part of the same transaction.

**ARTICLE VIII**  
**TERMINATION OF THE COMPANY**

8.01 Dissolution. The Company shall continue to operate until the earlier of the following dates:

- (i) 12:00 midnight on a date designated by the written consent of the Members holding at least seventy-five percent (75%) of the then issued and outstanding Units;
- (ii) upon the sale of all or substantially all the assets of the Company and the conversion into cash of the sales proceeds;
- (iii) upon the entry of a decree of judicial dissolution under the Act; or
- (iv) upon a consolidation or merger of the Company in which it is not the resulting or surviving entity.

8.02 Termination of Company. Upon the dissolution of the Company as provided in Section 8.01, the Board of Managers, out of Company assets, shall proceed with the sale or liquidation of all of the assets of the Company and shall apply and distribute the proceeds of such sale or liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

- (a) first, to pay (or to make provision for payment of) all expenses of the liquidation in satisfaction of all obligations of the Company for such expenses of liquidation;
- (b) second, to pay (or to make provision for the payment of) all creditors of the Company (including Members who are creditors of the Company) in the order of priority provided by law or otherwise, in satisfaction of all debts, liabilities or obligations of the Company due such creditors;
- (c) third, to the establishment of any reserve which the Board of Managers may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company (such reserve may be paid over by the Board of Managers to an escrow agent acceptable to the Board of Managers, to be held for disbursement in payment of any of the aforementioned liabilities and, at the expiration of such period as shall be deemed advisable by the Board of Managers for distribution of the balance in the manner hereinafter provided in this Section 8.02);
- (d) fourth, after the payment (or the provision for payment) of all debts, liabilities and obligations of the Company in accordance with each of the clauses above, and after adjusting the Capital Accounts of the Members for all items of income, gain, loss and deduction, to each Member with an Unreturned Capital Contribution, pro rata in proportion to such Unreturned Capital Contribution, until there are no Unreturned Capital Contributions for the Members; and

(e) fifth, to the Members in accordance with their then respective Percentage Interests, no later than the end of the fiscal year in which the event giving rise to this distribution occurs or, if later, within ninety (90) days after the date of the liquidation of the Company.

## **ARTICLE IX**

### **BOOKS AND RECORDS**

9.01 Tax and Financial Matters. The Treasurer shall be responsible for preparing or causing to be prepared all tax and accounting records for the Company. The Treasurer shall appoint the Accountants to be engaged by the Company. The cost of preparing the Company's tax returns shall be paid by the Company as a Company expense.

#### 9.02 Tax Audits.

(a) Selection of Partnership Representative The Company shall designate on its annual Form 1065 filing David Crowley as the "Partnership Representative" for each taxable year as long as Mr. Crowley is a Member and has a substantial presence in the United States. If Mr. Crowley is no longer a Member or no longer has substantial presence in the United States, the Board of Managers shall select an individual to with substantial presence in the United States to serve as the "Partnership Representative" for such taxable year. The Partnership Representative shall also represent the Company with respect to pending state and local tax audits.

(b) Scope of Partnership Representative's Authority. The Partnership Representative shall have the sole authority to act on behalf of the Company in such Tax Administrative Proceedings as set forth in Sections 6221 through 6241 of the Code, and his or her authority shall be binding on the Company, Members, and former Members. The Partnership Representative shall take all steps reasonably necessary to keep the Company, its Members, and any former Members who may be affected by the Tax Administrative Proceeding reasonably informed as to the progress of any Tax Administrative Proceeding. The Partnership Representative may, if he or she deems it is appropriate, seek input as to the resolution of the Tax Administrative Proceeding from current and former Members. The Partnership Representative shall provide Members with any notice of proposed partnership adjustment as that term is used under Section 6231 of the Code, and provide sufficient information to Members and former Members as to permit the filing of amended returns as permitted under Section 6225 of the Code. The Company shall pay all ordinary expenses of the Partnership Representative incurred in connection with such proceedings. The Partnership Representative shall not be liable to the Company or to any Member for any loss or expense, or disallowance of deduction, credit, or beneficial tax treatment of any item of Company income or Loss arising from the conduct, settlement, or final adverse determination of the administrative or judicial proceedings described above; provided, however, that such Partnership Representative acted in good faith and not with misconduct or in willful breach of the fiduciary duties hereunder.

(c) Duty of Members in Administrative Proceedings. The Members shall promptly inform the Company or Partnership Representative of any change in their addresses, even after periods in which they have withdrawn from the Company. The Members acknowledge that the actions of the Partnership Representative on any Company audit of federal or state income taxes

may be binding on the Members in an individual capacity and may result in liability for tax years otherwise closed by Section 6501.

(d) Elections. The Partnership Representative shall, in the sole discretion of the Board of Managers, within 45 days from the date of a notice of final partnership adjustment, elect the application of Section 6226(a) of the Code, in its sole discretion. If such election is made, the Partnership Representative shall timely furnish to each Member of the Company for the reviewed year, and to the IRS, a statement of the member's share of any adjustment to income, gain, Loss, deduction, credit, penalties, or interest. If such an election is made, such adjustments shall be taken into account by the Members consistent with Code Section 6226(b). If requested by the Company, the Members agree to provide the Company with any information requested, or file any required tax returns or statements required, under Section 6225 of the Code requiring such Member to pay its applicable share of any adjustments resulting from an Administrative Proceeding.

(e) Liability of Individual Members for LLC-Level Taxes, Indemnity. The Members agree to indemnify the Company for their pro-rata share of any entity-level federal income tax assessments made against the Company for a given tax year pursuant to Section 6221(a) of the Code. The pro-rata share in this Section shall be determined consistent with the Members' individual average Percentage Interests for the year subject to assessment. The indemnity obligation under this Section shall continue and survive after a Member sells or otherwise disposes of his or her Interest in the Company.

9.03 Books and Records. The Company shall keep just and true books of account with respect to the operations of the Company. Such books shall be maintained at the principal place of business of the Company, or at such other place as the Company shall determine, and all Members, and their duly authorized representatives, shall at all reasonable times have access to such books, but no more than once per month, during ordinary business hours..

9.04 Accounting Basis and Fiscal Year. The books of account of the Company shall be kept on the accrual basis of accounting, or on such other method of accounting as the Board of Managers may from time to time determine. The Fiscal Year of the Company shall be (i) the calendar year or such other year as the Board of Managers may from time to time determine, or (ii) in the event the Code requires otherwise, then such other Fiscal Year as is required by the Code.

9.05 Tax Elections. The Board of Managers may, but are not required to, make any and all elections provided for in the Code or Regulations that they deem to be in the best interest of the Company.

9.06 Reports.

(a) Annual Reports. Within ninety (90) days after the end of each year, the Treasurer shall cause to be prepared and shall deliver to each Member, a financial report of the Company, including a balance sheet, a profit and loss statement and, if such profit and loss statement is not prepared on a cash basis, a cash flow or source and application of funds statement, which shall be prepared on the accrual basis of accounting. If the Board of Managers

determine it to be advisable, these reports shall be audited by an accounting firm selected by the Board of Managers.

(b) Tax Information. Within ninety (90) days after the end of each Fiscal Year, the Company shall furnish to each Member such information as may be needed to enable such Member to file his or its Federal income tax return, any required state income tax return and any other reporting or filing requirements imposed by any governmental agency or authority.

(c) Expenses. All Company accounting costs and the cost of all reporting required under this Section 9.06 shall be paid by the Company as a Company expense.

## **ARTICLE X CONVERSION TO A CORPORATION**

10.01 Cooperation. The Board of Managers may cause the Company to convert to corporate form in order to consummate an Initial Public Offering as follows. If the Board of Managers proposes to cause the Company to convert to a corporation (which it may accomplish, in its discretion, through one or more structures, including without limitation merger or formation of a holding corporation that will be the entity that goes public), it will notify the Members, and the Members will (a) cooperate with the Board of Managers in all respects in such conversion and enter into any transaction required to effect such conversion, including, without limitation, by promptly contributing such Member's Membership Units in exchange for shares of the capital stock of the new corporation, (b) not exercise any dissenter's rights or rights to seek an appraisal under Delaware law or otherwise in connection with such conversion, (c) not attempt to prohibit or delay such conversion and (d) execute all agreements, consents, documents and instruments required by the Board of Managers and consistent with this Article X.

10.02 Valuation and Conversion of Interests. Immediately prior to a conversion in connection with an Initial Public Offering, the Board of Managers will determine the then aggregate value of all Membership Units. Such valuation will be based on the price per share at which shares of common stock are to be sold to the public in such offering. The Membership Units held by each Member will be converted into a number of shares of common stock determined by dividing (i) the amount that would be distributed to such Member upon a liquidation of the Company for cash in accordance with Section 8.02 at the aggregate value determined by the Board of Managers by (ii) the value per share of common stock selected by the Board of Managers; provided that any Membership Units that do not have a positive value shall be canceled, and the Company shall have no further obligations with respect thereto.

10.03 Lock-Up; Restrictions on Sale. If the conversion occurs in connection with an Initial Public Offering, each Member agrees that, upon the request of the Company or the managing underwriter in such offering or any subsequent offering, such Member will not offer, sell, contract to sell, grant any option or right for the purchase of, or otherwise dispose of any of the Company's successor's (or Affiliate's, as applicable) securities held by such Member (other than those included in such registration) or engage in any swap or derivative transactions involving the Company's successor's (or Affiliate's, as applicable) securities, in each case without the prior written consent of the Company and such underwriter, for such period of time as may be requested by the Company and such underwriter (commencing as of the date of such

offering and ending no later than (i) 180 days thereafter, subject to extension by the managing underwriter to the extent required to comply with Rule 2711(f)(4) of the Financial Industry Regulatory Authority or other applicable non-U.S. law, in the case of the initial public offering of the Company's successor's (or Affiliate's, as applicable) common stock or (ii) 90 days thereafter, in the case of any other registration).

Section 10.04 Stockholders Agreements. Upon conversion to corporate form pursuant to this Article X, the Members will enter into a stockholders agreement containing operative terms that are substantially similar to the corresponding terms of this Agreement (but only to the extent such terms are consistent with the other provisions of this Article X). Any such shareholders agreement shall terminate automatically upon the Initial Public Offering.

## **ARTICLE XI MISCELLANEOUS**

11.01 Notices. Except as otherwise provided in this Agreement, any and all notices, elections, consents or demands permitted or required to be made or given under this Agreement shall be in writing, signed by the Manager, Member or officer giving such notice, election, consent or demand and shall be delivered personally, by telecopy, or facsimile transmission, sent by overnight courier or sent by registered or certified mail, return receipt requested, to each other Member, at his or its address set forth on Schedule A, and/or to the Managers or officers at the Company's principal executive office. Any and all notices, elections, consents or demands permitted or required to be made or given under this Agreement shall be deemed to have been given if by hand, at the time of the delivery thereof to the receiving party, if made by telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, if sent by overnight courier, on the fifth (5<sup>th</sup>) business day following the day such notice is delivered to the courier service, or if sent by registered or certified mail, on the tenth (10<sup>th</sup>) business day following the day such mailing is made.

11.02 Successors and Assigns. Subject to the restrictions on transfer set forth herein, this Agreement, and each and every provision hereof, shall be binding upon and shall inure to the benefit of the Members, their respective successors, successors-in-title, heirs and assigns, and each and every successor-in-interest to any Member, whether such successor acquires such interest by way of gift, purchase, foreclosure, or by any other method, shall hold such interest subject to all of the terms and provisions of this Agreement.

11.03 Amendments. The terms and provisions of this Agreement may be modified or amended at any time and from time to time (i) by the Board of Managers provided that such modification or amendment complies with Section 2.02(a) and Section 2.02(b), or (ii) with the consent of (A) the Board of Managers and (B) Supermajority in Interest of the Members.

11.04 Partition. The Members hereby agree that no Member nor any successor-in-interest to any Member, shall have the right while this Agreement remains in effect to have any property of the Company partitioned, or to file a complaint or institute any proceeding at law or in equity to have any property of the Company partitioned, and each Member, on behalf of himself or itself, his or its successors, representatives, heirs, and assigns, hereby waives any such right. It is the intention of the Members that during the term of this Agreement, the rights of the Members and

their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Member or successor-in-interest to assign, transfer, sell or otherwise dispose of his interest in the Company's properties shall be subject to the limitations and restrictions of this Agreement.

11.05 Exhibits. All Exhibits and Schedules attached hereto are an integral part of this Agreement and are incorporated herein by this reference.

11.06 Entire Agreement. This Agreement constitutes the full and complete agreement of the parties hereto with respect to the subject matter hereof.

11.07 Captions. Titles or captions of Articles or Sections contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

11.08 Counterparts. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Members notwithstanding that all Members have not signed the same counterpart. For purposes of this Agreement, use of a facsimile or electronic medium shall have the same force and effect as an original signature.

11.09 Goodwill. No value shall be placed on the name or goodwill of the Company, which shall belong exclusively to the Board of Managers.

11.10 Severability. If any provision of this Agreement, or the application of any provision to any person or circumstance, shall be held to be inconsistent with any present or future law, ruling, rule or regulation of any court or governmental or regulatory authority having jurisdiction over the subject matter hereof, such provision shall be deemed to be rescinded or modified in accordance with such law, ruling, rule or regulation, and the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it shall be held inconsistent, shall not be affected thereby.

11.11 Applicable Law; Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts. The parties to this Agreement, acting for themselves and for their respective successors and assigns, without regard to domicile, citizenship or residence, hereby expressly and irrevocably submit to, as the exclusive forum for the determination of all disputes arising under or in connection with this Agreement, the jurisdiction of the United States District Court for the Eastern District of Massachusetts and the jurisdiction of any court of the Commonwealth of Massachusetts. Each of the parties hereto hereby waives any claims of inconvenient forum or venue.

11.12 Equitable Remedies. Each Member shall, in addition to rights provided herein or as may be provided under applicable law, be entitled to all equitable remedies, including those of specific performance and injunction, to enforce its rights hereunder.

11.13 Arbitration. Any controversy, dispute or claim arising out of or in connection with this Agreement, or the breach, termination or validity hereof, shall be settled by final and binding

arbitration, in Boston, Massachusetts, administered by the JAMS under its Commercial Arbitration Rules then obtaining. The decision or award of the arbitration shall be final and judgment upon such decision or award may be entered in any competent court or application may be made to any competent court for judicial acceptance of such decision or award and an order of enforcement. In the event of any procedural matter not covered by the aforesaid rules, the procedural law of the State shall govern.

11.14 Deadlocks. If the Board of Managers is deadlocked, or if the Members are deadlocked in respect of any matter requiring the approval of the Members, then they shall exercise reasonable good faith efforts to resolve or compromise the dispute. Such efforts shall include, without limitation, at least two (2) meetings to discuss and attempt to resolve the disputed matter, and, if the deadlock remains, consultation with a qualified (a) third-party business consultant, (b) lawyer, and/or (c) advisor who will render a non-binding decision on the matter. If the parties remain deadlocked, such deadlock shall be resolved via arbitration as set forth Section 11.14 above, or by some other method acceptable to all the Managers, or where applicable, the affected Members.

11.15 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of any Member or of the Company.

## **ARTICLE XII**

### **DEFINITIONS**

Section 12.01 Definitions. For purposes of this Agreement, the terms set forth below and not defined elsewhere in this Agreement shall have the following meanings:

“Act” means the Massachusetts Limited Liability Company Act, M.G.L. ch. 156C, as in effect at the time of the initial filing of the Company's Certificate with the Secretary of State of the State, and as thereafter amended from time to time.

“Adjusted Capital Account Deficit” shall mean, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant taxable year, after giving effect to the following adjustments: (a) increasing the Capital Account by any amounts that the Member is deemed to be obligated to restore pursuant to Regulations §§1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i); and (b) reducing the Capital Account by the items described in Regulations §§1.704-1(b)(2)(ii)(d)(4), (5), and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Affiliate” shall mean any Person who is a director, officer or manager of the subject referenced or is a Person which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with the subject referenced. The terms “control”, including the terms “controlling”, “controlled by” and “under common control with”, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the subject referenced, whether through the ownership of voting securities, by contract or otherwise.

“Affiliated/Associated Person” of a Member is a person or entity which is (i) an Affiliate of such Member or (ii) a trust (or similar entity) of which more than 50% of the beneficial interests are owned by such Member.

“Agreement” shall mean this Limited Liability Company Agreement, as amended, restated, supplemented or modified from time to time.

“Applicable Federal Rate” shall have the meaning set forth in Section 1274 of the Code.

“Bankruptcy” shall mean, with respect to any Member, such Member making an assignment for the benefit of creditors, becoming a party or subject to any liquidation or dissolution action or proceeding with respect to such Member, the institution of any bankruptcy, reorganization, insolvency or other proceeding for the relief of financially distressed debtors with respect to such Member, or a receiver, liquidator, custodian or trustee being appointed for such Member or a substantial part of such Member’s assets and, if any of the same occur involuntarily, the same is not dismissed, stayed or discharged within 60 days; or the entry of an order for relief against such Member under the Bankruptcy Code; or such Member taking any action to effect, or which indicates his acquiescence in, any of the foregoing.

“Bankruptcy Code” shall mean Title 11 of the United States Code entitled “Bankruptcy”.

“Capital Account” shall mean, with respect to any Member, the capital account established and maintained for such Member as provided under Section 3.01 hereof.

“Capital Account Excess” means, with respect to any Member, the excess (if any) of such Member’s Partially Adjusted Capital Account over such Member’s Target Account.

“Capital Account Shortfall” shall mean, with respect to any Member, the excess (if any) of such Member’s Target Account over such Member’s Partially Adjusted Capital Account.

“Capital Contribution” shall mean, with respect to any Member, the amount of money and the initial fair market value of any property (other than money) contributed or deemed contributed to the Company with respect to the Membership Units held or purchased by such Member (net of any liabilities the Company assumes or takes subject to). In the case of a Member that acquires Membership Units by an assignment or transfer in accordance with the terms of this Agreement, “Capital Contribution” means the Capital Contribution of the Member’s predecessor proportionate to the acquired Membership Units.

“Capital Proceeds” shall mean any and all proceeds (whether in the form of cash or property) received by the Company or receivable by its Members from the Company from a Capital Transaction, reduced by expenses incurred by the Company in connection with such Capital Transaction, liabilities of the Company which are repaid out of the proceeds from such Capital Transaction and such reserves as the Board of Managers determines to be necessary or appropriate for the needs of the Company.

“Capital Transaction” means a Change-of-Control Event or the liquidation of the Company pursuant to Sections 8.01 and 8.02.

“Change-of-Control Event” shall mean (i) the acquisition by any Person or Persons of beneficial ownership (within the meaning of Rule 13d-3, or any successor rule, promulgated by the Commission under the Exchange Act) of in excess of 50% of the combined voting power of the Company’s Equity Securities, except in the event that such Person is, or is an Affiliate of, a Person beneficially owning in excess of 50% of such Equity Securities prior to such transaction; (ii) the consummation of a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, except to a Person, or an Affiliate of a Person, who beneficially owns in excess of 50% of the combined voting power of the Company’s then outstanding voting Equity Securities; or (iii) a reorganization, merger, consolidation or similar transaction (including a sale or other disposition of one or more Subsidiaries if prior to such transaction such Subsidiary or Subsidiaries held all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole), in each case unless, following such transaction all or substantially all of the Persons who were the beneficial owners, respectively, of the outstanding Equity Securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, in excess of 50% of the combined voting power of the then outstanding Equity Securities of the entity resulting from such transaction (including, without limitation, an entity which, as a result of such transaction, owns the Company or all or substantially all of assets of the Company’s business, taken on a consolidated basis, either directly or indirectly) in substantially the same proportions as their ownership, immediately prior to such transaction, of the outstanding voting Equity Securities of the Company.

“Code” shall mean the United States Internal Revenue Code of 1986, as amended.

“Commission” shall mean the Securities and Exchange Commission.

“Company Minimum Gain” shall have the meaning given the term “partnership minimum gain” in Regulations §§1.704-2(d) and 1.704-2(g).

“Company Securities” means (a) Membership Units and any other equity security of the Company (including other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the Board of Managers), (b) any security convertible, with or without consideration, into any equity securities, (c) any security carrying any warrant or right to subscribe to or purchase equity securities of the Company and (d) any warrant, right, option or other derivative security which provides the right to subscribe to or purchase the securities described in clauses (a), (b) or (c) above.

“Depreciation” means, for each taxable year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such year or other period, except if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board of Managers, and if the Company uses the “remedial allocation method” under Regulations §1.704-3(d) with respect to any asset, Depreciation for that asset shall be computed in accordance with Regulations §1.704-3(d)(2).

“Distributable Cash Flow” with respect to any period shall mean all cash revenues received by the Company during such period (excluding therefrom Capital Proceeds, Capital Contributions and the like, but including financing or refinancing proceeds), less all charges against income of any kind (other than non-cash charges against income such as depreciation and amortization of intangibles) including, without limitation, taxes, insurance, accounting and legal fees, and payments of principal and interest on, and all other fees and charges paid with respect to, all indebtedness of the Company, plus the net decrease (or minus the net increase) in the amount of such working capital or other reserves or other amounts as determined by the Board of Managers to be necessary or appropriate for the proper operation of the Company’s business or the winding up of the affairs and liquidation of the Company.

“Effective Date” shall have the meaning assigned to such term in the preamble hereof.

“Equity Securities” shall have the meaning set forth under Rule 405 (or any successor rule) promulgated by the Commission under the Securities Act.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as from time to time amended.

“Excess Nonrecourse Liabilities” shall have the meaning set forth in Regulations §1.752-3(a)(3).

“Excess Tax Distributions” shall mean, for any taxable year, the amount of the excess, if any, of estimated Tax Distributions made with respect to such taxable year over the amount that should have been distributed with respect to such taxable year based on the Company’s determination of the actual Tax Distributions required pursuant to Section 4.05(a) hereof.

“Excluded Securities” shall mean (a) any Company Securities (i) issued as purchase price consideration to the seller in a bona-fide business acquisition by the Company or any Subsidiary or Affiliate of the Company, whether structured as a merger, consolidation, sale of assets, sale or exchange of Equity Securities or otherwise, that has been approved by the Board of Managers; (ii) issued in connection with any bona-fide strategic research, development, manufacturing, marketing, sales or distribution arrangement, or similar arrangement, that has been approved by the Board of Managers; (iii) issued to a third-party commercial bank or other lender in connection with a bona-fide debt financing transaction approved by the Board of Managers; (iv) issued in the Initial Public Offering; and (v) issued in an equity split or distribution by the Company that is paid on a proportionate basis to all holders of the same Class of Units, or (b) any Class C-1 Membership Units or any other Company Securities issued to employees of, or consultants to, the Company or a Subsidiary or Affiliate of the Company (including the Board of Managers), pursuant to an equity compensation plan or other award agreement as determined by the Board of Managers; “Gross Asset Value” shall mean, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed or deemed contributed by a Member to the Company shall be the gross fair market value of the asset, as determined by the contributing Member and the Company in a written agreement;

(b) the Gross Asset Values of each of the Company assets may be adjusted to equal their respective gross fair market values, as determined by the Board of Managers, as of the following times:

(i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for services or for more than a *de minimis* contribution of money or other property;

(ii) the distribution by the Company to a Member of more than a *de minimis* amount of money or other property as consideration for an interest in the Company; and

(iii) the liquidation of the Company for federal income tax purposes within the meaning of Regulations §1.704-1(b)(2)(ii)(g); except that the adjustments pursuant to subclauses (i) and (ii) above may be made only if the Board of Managers reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members;

(c) the Gross Asset Value of any Company asset distributed to a Member shall be the gross fair market value of such asset on the date of distribution, as determined by the Board of Managers; and

(d) the Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Sections 734(b) or 743(b), but only to the extent that the adjustments are taken into account in determining Capital Accounts pursuant to Regulations §1.704-1(b)(2)(iv)(m) and Section 3.09 hereof, except that Gross Asset Values shall not be adjusted pursuant to this clause (d) to the extent the Board of Managers determines that an adjustment pursuant to clause (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d).

“Initial Public Offering” means an initial public offering of any Company Securities or Equity Securities of any successor entity of the Company (including a successor formed for the purpose of effecting such offering) pursuant to an effective registration statement under the Securities Act or comparable non-U.S. law.

“Insolvency Event” shall mean any period of 60 consecutive days during which the Company fails to pay its debts as they become due and is legally insolvent within the meaning of the Bankruptcy Code.

“Interest” means with respect to any Member, all of such Member’s right, title and interest in and to the Company.

“Members” shall mean a Person listed as a Member on Schedule A annexed hereto, as the same may be amended pursuant to the terms of this Agreement from time to time, and any other Person admitted to the Company as a Member pursuant to this Agreement, and their respective permitted assigns.

“Member Nonrecourse Debt” shall have the same meaning as the term “partner nonrecourse debt” set forth in Regulations §§1.704-2(b)(4) and 1.704-2(i).

“Member Nonrecourse Debt Minimum Gain” shall have the same meaning as “partner nonrecourse debt minimum gain” set forth in Regulations §1.704-2(i).

“Member Nonrecourse Deductions” shall have the same meaning as the term “partner nonrecourse deductions” in Regulations §§1.704-2(i)(1) and 1.704-2(i)(2).

“Membership Units” means the Membership Units issued by the Company.

“Nonrecourse Deductions” has the meaning set forth in Regulations §§1.704-2(b)(1) and 1.704-2(c).

“Operating Profits” and “Operating Losses” shall mean all Profits and Losses other than Profits and Losses from Capital Transactions.

“Partially Adjusted Capital Account” shall mean, with respect to any Member as of the end of any taxable year or other period of the Company, the Capital Account balance of such Member at the beginning of such year or period, adjusted for all contributions and distributions during such year or period and all special allocations pursuant to Sections 3.07 and 3.08 hereof with respect to such year or period but before giving effect to any allocations of Profits or Losses pursuant to Section 3.06 hereof with respect to such year or other period.

“Percentage Interest” means the equity ownership interest of each Member in the Company calculated by dividing the total number of Membership Units owned by such Member into the total number of Membership Units then outstanding.

“Person” shall mean an individual, a corporation, a partnership, a trust, an unincorporated organization and a government or any department, agency or political subdivision thereof.

“Profits” and “Losses” shall mean, for each taxable year or other period, an amount equal to the Company’s taxable income or loss for that year or period, determined in accordance with Code Section 703(a) (for these purposes, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to the foregoing shall be added to such taxable income or loss;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B) or that are treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations §1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses pursuant to the foregoing shall be subtracted from such taxable income or loss;

(c) in the event the Gross Asset Value of any Company asset is adjusted pursuant to paragraph (a), (b) or (d) of the definition of Gross Asset Value, the amount of the adjustment shall be taken into account as gain or loss from the disposition of the asset for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of the property differs from its Gross Asset Value;

(e) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for the taxable year or other period, computed in accordance with the definition of Depreciation under this Agreement; and

(f) Notwithstanding the above, any items that are specially allocated pursuant to Sections 3.07 and 3.08 hereof shall not be taken into account in computing Profits and Losses.

“Regulations” shall mean the federal income tax regulations promulgated under the Code, as the same may be amended from time to time. All references herein to a specific section of the Regulations shall be deemed also to refer to any corresponding provisions of succeeding Regulations.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Subsidiary” shall mean any entity at least a majority of the outstanding voting Equity Securities of which shall be owned at the time, directly or indirectly through Subsidiaries, by the Company, or which is otherwise controlled by the Company.

“Supermajority in Interest” shall mean the Members holding collectively, as of the relevant date, at least 60% of the Membership Units held by all membership classes.

“Target Account” shall mean, with respect to any Member for any taxable year or other period, an amount equal to the hypothetical distribution such Member would receive if all assets of the Company, including cash at the end of such period: (a) were sold for cash equal to their Gross Asset Value (taking into account any adjustments to Gross Asset Value for such period); (b) all liabilities allocable to such assets were then due and were satisfied according to their terms (with the satisfaction of nonrecourse liabilities limited to the Gross Asset Value of the assets securing such liabilities); (c) all “minimum gain chargebacks” required by Sections 3.07 and 3.08 of this Agreement with respect to such sale were made; (d) and all obligations, if any, of Members to contribute additional capital to the Company were satisfied; and (e) all remaining proceeds from such sale were distributed to the Members pursuant to Section 8.02 hereof (except that amounts deemed constructively distributed pursuant to the computation of prior Target Account balances shall not be treated as having been actually distributed for the computation of such given Target Account balance).

“Unreturned Capital Contribution” shall mean, with respect to a particular Member, an amount equal to the excess of such Member’s aggregate Capital Contributions over the cumulative distributions made to such Member pursuant to Section 4.01, Section 7.01 and Section 8.02(d)

**IN WITNESS WHEREOF**, the parties have executed this Limited Liability Company Operating Agreement as of the day and year first above written.

**THE COMPANY:**

Two Buds, LLC

By: \_\_\_\_\_  
David Crowley, Manager

**MEMBERS:**

\_\_\_\_\_  
David Crowley

\_\_\_\_\_  
Grover Daniels

\_\_\_\_\_

\_\_\_\_\_

**MANAGERS:**

\_\_\_\_\_  
David Crowley

\_\_\_\_\_  
Grover Daniels

**TWO BUDS, LLC**

**SCHEDULE A**

**MEMBERS**

| Name and Address | Number of Units | Percentage Interest |
|------------------|-----------------|---------------------|
|                  |                 |                     |
|                  |                 |                     |
|                  |                 |                     |
|                  |                 |                     |
|                  |                 |                     |
| Total            |                 |                     |

**TWO BUDS, LLC**  
**SCHEDULE B**

Investment in Two Buds, LLC (the “Company”) carries a significant degree of risk. An investment in the Company is suitable only as a long-term investment for persons of adequate financial means who have no need for liquidity with respect to the investment. By investing in the Company, Members understand and have considered the risk factors set forth herein in addition to other information, prior to making their investment decision. In making the decision to invest in the Company, the Member relied on their own examination of the Company, including, without limitation, the merits and risks involved.

The Membership Units of the Company (“Membership Units” or “Interests”) have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), nor under the securities laws of any state, as they will be offered and sold only to a limited number of institutional investors and/or accredited investors, in reliance upon the exemption pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506(b) of Regulation D promulgated thereunder and the related exemption from state securities laws registration. The Membership Units have not been recommended by any federal or state securities commission or regulatory authority. Any member desiring to transfer his/her/its unregistered Interests must furnish the Company with an opinion of counsel satisfactory to the Company and its counsel to the effect that the proposed transfer is exempt from the registration requirements of the Securities Act and does not violate Federal or state securities laws.

The Operating Agreement does not constitute an offer to sell or the solicitation of an offer to purchase Membership Units, nor shall there be any offer, solicitation or sale of the Interests in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

This is not a public offering. No general solicitation or advertisement was used to sell Membership Units. There is currently no public market for the Membership Units and in all probability, none will develop. The Membership Units are illiquid. The Members acknowledge that the Membership Units are being acquired for investment purposes and not with an intention of sale or distribution. Members acknowledge that they will be required to bear the financial risks of an investment in the Company for an indefinite period of time.

Each Member is satisfied that they have asked for and received all information which would enable such Member to evaluate the merits and risk of investing in the Company, prior to making such investment. Each Member is and has been urged to consult such Member’s legal counsel, accountant, or business advisor as to legal, tax, and related matters concerning any purchase of the Membership Units.

No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Company. No assurance can be given that existing laws will not be changed or interpreted adversely. No persons other than the Managing Members and their representatives have been authorized to make representations, or give any information with respect to the Membership Units or investment in the Company.

Materials provided to Members and prospective members prior to such member's investment in the Company, may contain certain "forward looking information" about the Company in reliance upon the "Safe Harbor" provisions of the Federal securities laws. This information is subject to various risks and uncertainties, including, but not limited to, those described under "Risk Factors" below. All investment performance is inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Any significant change therein can materially affect future results. Accordingly, there can be no assurances that the Company's objective will be achieved or that the Company will not incur losses.

The risks and uncertainties described below are not the only risks and uncertainties facing the Company. Additional risks and uncertainties that are not presently known or that the Company currently deem immaterial may also impair the Company's business operations, including risks and uncertainties generally applicable to companies that are involved in the cannabis industry. If any of the following risks actually occur they could materially adversely affect the Company's business, and financial condition or operating results.

## **RISK FACTORS**

### **Risks Related to the Company**

**Two Buds is a development stage company with a no operating history on which to evaluate its business.**

The Company's business prospects are difficult to predict because of the lack of operating history and early stage of development. This is compounded by the fact the Company operates in the legal cannabis business, a rapidly transforming industry. There is no guarantee that the Company's products or services will remain attractive to potential and current users as the industry undergoes rapid change. Unanticipated problems, expenses and delays are frequently encountered in establishing a new business and developing new facilities. These include, but are not limited to, inadequate funding, competition, facility development, the inability to employ or retain talent, inadequate sales and marketing, and regulatory concerns. The failure by the Company to meet any of these conditions would have a materially adverse effect upon the Company. No assurance can be given that the Company will ever be successful in its operations and operate profitably.

**There is no guarantee the Company will secure a return to its Investors.**

Investment in the Company requires a long-term commitment and there is no assurance that the Company's investment return objectives will be realized, or that significant capital losses will not occur. While market indicators appear to be positive (based on the Company's internal market research) there is no guarantee that the market will not change or that the Company may not be able to take advantage of existing or potential market opportunities.

**Competition in the Industry could prohibit the Company from developing a customer base and generating revenue.**

The cannabis industry is highly competitive and the Company will be competing with companies that have greater capital resources, facilities and diversity of product lines. Additionally, as the industry continues to grow, the Company expects many new competitors to enter the market. More established companies with much greater financial resources which do not currently compete with the Company may be able to adapt their existing operations to the Company's lines of business. Due to this competition, there is no assurance that the Company will not encounter difficulties in obtaining revenues and market share or in the positioning of its services or that competition in the industry will not lead to reduced prices for the Company's products and services.

**The success of the Company is dependent on the ability to attract qualified personnel and manage growth.**

The Company will need to hire personnel in the areas of production, retail, management, and compliance in order to operate the businesses as planned. The Company's future performance will substantially depend on its ability to hire and retain employees with the experience and skills in the industry in order to implement the Company's business plan. If the Company cannot attract and retain such personnel, it would have a material adverse effect on the business. Further, as the business progresses, the Company expects to experience significant and rapid growth in the business. The Company will be required to hire a broad range of additional personnel in order to successfully advance its operations. This growth is likely to place a strain on the Company's management and operational resources. The failure to manage growth effectively could have a materially adverse effect on the Company's business and financial condition.

**Changes in consumer preferences could negatively impact demand.**

The Company's continued success depends, in part, upon the popularity of cannabis and/or cannabis related products produced by the Company. The Company's success will depend in part on its ability to anticipate and respond to changing consumer preferences and purchasing habits, as well as other factors, including new market entrants, changes in laws, and demographic changes.

**Failure to obtain the required permits, licenses and approvals necessary to acquire, develop and produce cannabis and cannabis related products, could negatively impact the Company's growth and success.**

The Company will be subject to licensing and regulation by a number of governmental authorities, including the Cannabis Control Commission, and may also include health, sanitation, safety, fire, building, environmental, zoning, land use and other agencies in Massachusetts or the municipality in which the Company is located. Difficulties in obtaining or failure to obtain the required licenses or approvals could delay or prevent the Company from operating in a particular area, or could result in the failure of the Company's business.

**The Company may not generate sufficient cash flow to make distributions to Members.**

There is no assurance that the Company will have income sufficient to cover expenses or have sufficient cash flow to make distributions to Members. Even if the Company makes such distributions, there can be no guaranty concerning the timing or amounts of the distributions.

**The Company's ability to succeed is subject to numerous factors, some of which are beyond the Company's control.**

The success of the Company will depend upon numerous factors, many of which are beyond the Company's control, including the following:

- The availability and retention of qualified operating personnel;
- The increases in minimum wage and other operating costs;
- Volatility of prices;
- Consumer preferences, spending patterns and demographic trends;
- Securing required governmental approvals and permits;
- Changes in state and federal law or enforcement priorities;
- Competition in current and future markets and competitive discounting;
- Availability of capital; and
- The possibility of unforeseen events affecting the cannabis industry generally, such as the change in laws or enforcement of current laws related to the cannabis industry.

Any one or all of these factors could impact the performance and success of the Company.

**Regulatory and Legal Risks**

**The Cannabis business is a highly regulated industry, but many of the laws are untested and the regulations are constantly evolving.**

Although Massachusetts law permits the use, possession, cultivation and distribution of cannabis, subject to significant restrictions and limitations, such laws are in conflict with the Federal Controlled Substances Act (the "FCSA"), which classifies cannabis as a schedule-I controlled substance and makes cannabis use and possession illegal on a national level. The laws, regulations, policies, and current administrative practices of Massachusetts and the United States with respect to the cannabis industry are rapidly evolving and may be changed or interpreted in a manner which will fundamentally alter the ability of the Company to carry on their respective businesses. Further, Massachusetts cannabis laws are relatively new and there is little interpretive guidance and case law available to understand how certain laws, rules and

regulations will be interpreted or applied by enforcement agencies or the courts. Accordingly, the Company may unintentionally violate laws, rules or regulations. Any such violations could result in litigant or other legal proceedings which may have adverse consequences for the Company, including the loss of our ability to conduct operations.

Further, the Company's participation in the cannabis industry and the evolving nature of the laws and regulations may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against the Company. Litigation, complaints, and enforcement actions involving these subsidiaries could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations, and financial condition.

### **An investment in the Membership Interests has complex tax consequences.**

The tax consequences of an investment in the Company are complex and their impact may vary depending on each Member's particular tax situation. Passive activity loss limitations may suspend a Member's ability to deduct our tax losses. ***Member's should also understand that they must pay a tax on the Member's share of the taxable income of the Company regardless of whether the Company makes a distribution to cover the taxes resulting from such profits. There is no guarantee that the Company will have sufficient funds to make a distribution sufficient to cover any taxes that might result from ownership of the Membership Units. A Member is personally liable for federal income taxes on the portion of the Company income that is allocated to the Member regardless of whether or not the Company makes any such distribution. The Company strongly encourages Members to consult with your legal and tax advisors to determine the tax implications of owning the Membership Units.***

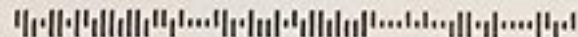
### **Application of Internal Revenue Code Section 280E.**

Except for "cost of goods sold," Section 280E of the Internal Revenue Code prohibits cannabis businesses from taking tax deductions for ordinary business expenses that are available to similar businesses in other industries. The Company and Members' allocations of Profit and Losses and distributions from the Company may be subject to Section 280E of the Code limiting the ability of the Company and/or the Members from deducting usual business expenses from the income of the company. ***The Company may pay a high effective Federal, state and local tax rate due to the tax rules and there is no guarantee that the Company will have sufficient funds to make a distribution sufficient to cover any taxes that might result from ownership of the Membership Units.***

The summary set forth in this Schedule B as to certain federal income tax matters does not purport to be a complete analysis of all of the relevant federal income tax rules and considerations nor does it purport to be a complete summary of all of the potential tax risks inherent in purchasing and holding Membership Units in the Company. The income tax consequences of an investment in the Company are complex and can vary significantly with the particular circumstances of each Member. Members should consult their own tax advisors with respect to the tax consequences of their investment in the Company.



## CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE



DAVID CROWLEY  
TWO BUDS, LLC  
1 LIBERTY SQ STE 410  
BOSTON MA 02109-4885

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

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

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

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

### *What if I have questions?*

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

### *Visit us online!*

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

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

Edward W. Coyle, Jr., Chief  
Collections Bureau



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

William Francis Galvin  
Secretary of the  
Commonwealth

December 5, 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

**TWO BUDS, LLC**

in accordance with the provisions of Massachusetts General Laws Chapter 156C on **August 16, 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:  
**GROVER DANIELS**

I further certify, the names of all persons authorized to execute documents filed with this office and listed in the most recent filing are: **GROVER DANIELS, MICHAEL S. BONNER ESQ.**

The names of all persons authorized to act with respect to real property listed in the most recent filing are: **NONE**

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



## **Two Buds, LLC Cultivation and Manufacturing Dispensing Procedures**

Two Buds dispensing procedures involve packaging and labeling, label design, packaging operations, and sending (internal and external) shipments to qualified marijuana establishments including Marijuana Retailers and Licensed Marijuana Product Manufacturers (processors). Responsible Advertising and Marketing also play a large role in Two Buds' dispensing procedures.

### **Packaging and Labeling**

Packaging and labeling of marijuana are an essential part of compliance and consumer, product, and public safety. Packaging should preserve the integrity and quality of marijuana plant material being sold to consumers. Labeling should be clear and informative, containing the weight, cannabinoid profile, batch number, harvest date, expiration date, and all other legally required elements. Two Buds will maintain strict standard operating procedures (SOPs) to ensure that marijuana is packaged and labeled as required by the Cannabis Control Commission (Commission) using industry best practices in a manner to protect the health and safety of consumers and the general public [935 CMR 500.105(5)]. The ICM will ensure that all transported marijuana products are linked to Metrc as required by 935 CMR 500.105(13)(a)4.

All marijuana and marijuana product handling including weighing, counting, packaging, and labeling operations will be performed in designated areas in Two Buds by a minimum of two employees in full view of surveillance cameras at all times [935 CMR 500.105(12)(d) and 500.110(5)(a)4.]. Cameras will be placed to ensure a clear view of each product being weighed, the weight, and the associated manifest [935 CMR 500.105(13)(a)9.]. This designated area(s) within the facility will not be visible from any public place without the use of binoculars, aircraft or other optical aids.[935 CMR 500.120(4)].

Whenever marijuana products are handled, including for packaging and labeling, Two Buds will create and maintain a written or electronic record of the date, the type and quantity handled, the manner of handling (e.g., packaging or labeling), the location of handling, and the names of the two cultivation agents present during the handling, with their signatures. Two Buds will keep these records for at least three years; this period may be automatically extended for the duration of any enforcement action and may be extended by an order of the Commission. Packaging will take place under constant video surveillance.

### **Packaging and Labeling Overview**

The Quality Assurance Manager (QAM) will verify the compliance and accuracy of all labels during design. When labels are first generated, the QAM will compare several samples from each printing batch before providing final approval. While standardized machinery, such as regularly calibrated scales and dedicated label printers, will help provide accurate and consistent packaging and labeling of all products, regular checks will be conducted by the QAM to maintain quality control standards. Results of all quality control inspections will be maintained on site and made available to authorities upon request.

In addition to serving as the tracking mechanism for marijuana through the seed-to-sale tracking system (Metrc), all labels and tags will be designed to communicate everything that has occurred within each production batch to other marijuana facilities and the Commission.

Comprehensive internal labeling standards and checklists will ensure the labels properly display all necessary information; this will include residual moisture content, plant weight, cultivation time, strain profile, cannabinoid profile, terpene profile, nutrients and other crop inputs such as fertilizers and pesticides.

The State of Massachusetts may periodically update regulations and expand packaging and labeling requirements. The QAM will review the Commission's website regularly and subscribe to any available bulletin and/or communication portals to stay abreast of regulatory changes. This will ensure Two Buds receives the most up-to-date information on Commission regulations. Changes in regulation that impact Two Buds labels will be carefully monitored by the QAM, disseminated to employees assigned to affected roles, and acted upon in a timely manner.

### **Label Design**

Labels will provide all legally required and critically important information to other marijuana establishments (e.g., licensed marijuana product manufacturer and registered marijuana dispensaries), consumers, employees and all state agencies involved in the oversight of marijuana. All information will be saved electronically for compliance and tracking purposes. All labels will be written in English, unobstructed, and conspicuously placed on and/or securely affixed to the package. All labels will be printed on weather-resistant and tamper-resistant materials. Employees may not knowingly or intentionally alter, obliterate, or otherwise destroy any label attached to an approved container. Two Buds will utilize standardized equipment, including a Zebra<sup>TM</sup> brand label printer, to provide accurate and consistent labeling.

Two Buds' labeling process includes Product Branding Labels, Batch Labels, Destination Facility Labels, Package Barcodes, and Shipping Containers.

### **Product Branding Labels**

Any marijuana packaged for individual sale directly to a qualifying consumer (i.e., no repackaging required by the retailer) will first receive a product branding label. The initial conceptual designs will include the main branding and usage label with information that is standard for each unit. Once designed and approved, retail containers will arrive at Two Buds' facility from the distributor with the Product Branding Label already affixed.

Equipment and procedures will ensure the placement of a legible, firmly affixed label on which wording will be no less than 1/16-inch in size on each package of marijuana that it makes available for retail sale, containing at a minimum the following information [935 CMR 500.105 (5)(a)]:

- Two Buds' name and registration number, business telephone number, electronic mail address, and website information, if any;
- The quantity of usable marijuana contained within the package (i.e., net weight);
- A statement and a seal certifying that the product has been tested for contaminants, that there were no adverse findings, and the date of testing in accordance with M.G.L.c.94G, § 15;
- The following statement, including capitalization:

*“This product has not been analyzed or approved by the Food and Drug Administration (FDA). There is limited information on the side effects of using this product, and there may be associated health risks. Marijuana use during pregnancy and breast-feeding may pose potential harms. It is against the law to drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN. There may be health risks associated with consumption of this product. Marijuana can impair concentration, coordination, and judgment. The impairment effects of edible marijuana may be delayed by two hours or more. In case of accidental ingestion, contact poison control hotline 1-800-222-1222 or 9-1-1. This product may be illegal outside of MA.”*

- The assigned symbol or easily recognizable mark issued by the Commission that indicates the package contains marijuana product:



- The assigned symbol or other easily recognizable mark issued by the Commission that indicates that the product is harmful to children:



- Complete list of all nonorganic pesticides, fungicides, and herbicides used during cultivation;
- Usage instructions;
- Storage instructions;
- Consumer education notice with directions to Two Buds’ website address; and
- Poison hotline number.

All of Two Buds' branding labels will encourage consumers to visit their website for further information so that consumers may review the label on-line and enlarge anything they may have had difficulty reading on the package. The website will include instructions on understanding the meaning and importance of the different sections of each label.

Two Buds' website will emphasize safe use by providing information about the safe consumption of products and dosage information. This educational website will reference all state information pertaining to allowed conditions and public notices and include useful resources such as a link to the national Poison Helpline number. The Poison Helpline will also be included on all labels as per the Federal Drug Administration website for consumers.

Pursuant to 935 CMR 500.105(7), Two Buds may decide to submit an application, in a form and manner determined by the Commission, for packaging and label approval to the Commission.

#### Batch Labels

A "cultivation batch" is a collection of marijuana plants from the same seed or plant stock that are cultivated and harvested together, and receive 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 strain and are cut on the same date comprise a single batch. Two Buds will assign and record a unique, sequential alphanumeric identifier to each cultivation batch for the purposes of production tracking, product labeling and product recalls [935 CMR 500.002].

Batch labels will include all harvest batch specific identification information and test results. Any information that varies from batch to batch will be included on this sticker. Batch labels are printed by the ICM using label design software and affixed during packaging to both 1) individual unit containers within packages and 2) the outside of the shipping container. The information on this label will include the following:

- The date that Two Buds packaged the contents and a statement of which licensee (i.e., marijuana establishment agent) performed the packaging;
- A batch number, sequential serial number, and bar code when used, to identify the batch associated with manufacturing and processing;
- The full cannabinoid profile of the marijuana contained within the package, including THC and other cannabinoid levels;
- Name of the testing laboratory
- Laboratory test batch numbers and dates, if applicable
- Laboratory testing results
  - The potency and full cannabinoid profile of the marijuana contained within, including percentage of THC, CBD, THCA, CBDA, and CBN
  - Microbials
  - Heavy metals
  - Pesticides
- Expiration date

### Package Barcodes

Package barcodes are generated from Metrc by the ICM and affixed during packaging. A “package” within Metrc is any individual parcel designated for a single recipient comprising one or more individual unit containers of product generated from the same harvest batch. For example, one package inventory ID may contain twenty 1g retail containers and fifteen 3.5g containers, all generated from harvest batch AB1. Scanning a package barcode will detail the total count of items within the package and the weight of each item.

### Destination Facility Label

Destination facility labels are generated by the ICM and affixed during packaging. A label will be created for each individual unit/product container shipped to a retail facility that includes the retail licensee’s name, registration number, business telephone number, electronic mail address, and website information, if any [935 CMR 500.105(5)(a)1.].

### Shipping Containers

As packages are aggregated into shipments according to transport manifest and placed into a shipping container, the package Batch Label(s) will be affixed to the outside of the container. Shipping containers will have a clear packing list envelope affixed to their exterior, featuring tamper proof 2-mil poly to protect the documents inside. The shipment transport manifest will be folded to display the name, address, and license number of the receiving facility through the envelope; this will allow for easy identification of the contents inside and inspection for compliance without requiring the shipment container or packages within to be opened.

### **Packaging Operations**

Pursuant to 935 CMR 500.105(13)(a)10., marijuana products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. Packaging employees will follow recordkeeping protocols requiring documentation of all packaging activities both in manual logs and in Metrc; this documentation will include the names and ID numbers of both employees responsible for the packaging activity. All packaging activities that require weighing and measuring will utilize a digital scale. Calibration checks for all scales used will be performed daily.

Packaging and labeling areas will be inspected prior to use to ensure all previous plant, packaging and labeling materials have been removed. All equipment, utensils, and contact surfaces used for packaging marijuana will be cleaned and sanitized prior to use, throughout the packaging activity as required, and immediately after packaging is complete to keep all packaging components free of contaminants. Packaging employees will wear hair nets (and beard nets, if necessary) and nitrile gloves to prevent the contamination of plant material during packaging. Since dried marijuana can produce airborne particles, employees will wear protective eyewear and dust masks for protection.

The ICM will coordinate inventory packaging and shipping operations, maintaining an efficient shipment schedule while ensuring all transported marijuana products are accurately tracked in Metrc [935 CMR 500.105(13)(a)4.]. Harvest batches are designated into packages by weight by the ICM, who will input the information into Metrc 24 hours prior to the shipment delivery date. The ICM will create a unique package inventory ID within Metrc that mirrors each physical package to be shipped. Package inventory IDs may comprise multiple individual unit containers,

however all containers within the package will be from the same harvest batch, designated to the same recipient. Packages are then aggregated into shipments for individual recipients by generating a transport manifest [935 CMR 500.105(13)(f)]. The ICM will organize the day's transport manifests, print labels, and create a list of exact inventory items and weights to be packaged into coordinating packaging breakdown sheets to guide the work of the packaging employees.

#### Weighing Plant Material

Two Buds' policy will require employees to always wear nitrile gloves (and other appropriate personal protective equipment) when handling marijuana in any form. During packaging for final sale, harvest batches of cured flower are sorted according to bud size and placed into either bulk packaging for licensed marijuana product manufacturers or retail packaging for sale directly to consumers through registered marijuana dispensaries. Packaging employees will work with flower from one harvest batch at a time until all packaging from that harvest batch is complete. The employees will place a weigh tray on a digital scale and fill with flower until the scale reaches the quantity specified on the package breakdown sheet. The employees will adjust the weight as needed by adding or removing smaller buds and removing any large stems or any other material that should be waste; results will be accurate to within 0.1g of the specified weights. Once the desired weight is achieved, the measured flower is poured into the designated retail or bulk packaging to create the individual unit. Individual units are sealed and affixed with their associated Batch and Destination Facility Labels. When all individual units for a specific harvest batch have been successfully sealed and labeled, they are boxed into one or more packages designated for shipment. Each package is then affixed with its associated Package ID Barcode. All packages on the same packaging breakdown sheet are set in a designated area along with any associated waste for verification of weights by the ICM prior to being approved for shipment.

#### Retail Packaging

Plant material for distribution to retailers will be packaged in pre-determined weights by strain. Two Buds will utilize only the highest quality of food grade packaging that meets both ASTM and CPSC child-safety standards in compliance with the most recent poison prevention packaging regulations of the US Consumer Product Safety Commission as included at 16 CFR 1700 [935 CMR 500.105(6)(a)1.]. Two Buds will utilize opaque, resealable, hard-sided containers that are light resistant and prevent crushing of the material (versus plastic bags). Preferred packaging products will be environmentally friendly and, if possible, manufactured within the United States. To best preserve the quality and integrity of marijuana flower, Two Buds will maintain ASTM or CPSC certificates for all supplied packaging.

#### Bulk Packaging

Plant material for distribution to licensed marijuana product manufacturers will be packaged in vacuum sealed bags in one or two-pound quantities ready for bulk transport. Opaque Mylar bag rolls will allow for variable package sizes based on individual orders. Two Buds will utilize an industrial, food grade tabletop vacuum packing machine with a heat sealer; this machine will feature vacuum level sensors that allow packages to be vacuumed to a precise level to ensure consistent weights and seal quality. Two Buds will ensure the placement of a legible, firmly affixed label on any marijuana not sold as a marijuana product.

### General Packaging Restrictions

Pursuant to 935 CMR 500.105(6)(b), Two Buds will **explicitly prohibit** the following packaging:

- using bright colors, defined as colors that are “neon” in appearance;
- imitating or having a semblance to any existing branded consumer products, including foods and beverages, that do not contain marijuana;
- featuring cartoons;
- featuring a design, brand or name that resembles a non-cannabis consumer product of the type that is typically marketed to minors;
- featuring symbols or celebrities that are commonly used to market products to minors;
- featuring images of minors; or
- featuring words that refer to products that are commonly associated with minors or marketed to minors.

### Sending Shipments

Once package weights and labeling have been approved by the ICM, packaging employees will ensure the associated transfer manifest is included in the shipment container’s external clear packing list envelope [935 CMR 500.105(13)(f)1.]. When a shipment is ready to leave the facility, the ICM will visually inspect all outgoing packages, count or weigh all items, and compare the packages with the accompanying transport manifest. The QAM will also review packaging and labeling to confirm the ICM’s visual inspection and ensure that the packaging of each item is undamaged, accurate, and complete and that no tampering of the packages has occurred [935 CMR 500.105(13)(a)10.]. The inspection results will be recorded on the Shipping Checklist. Any incorrectly packaged, damaged, or noncompliant packages or labels will be corrected by a packaging employee under direct supervision. Any errors in the transport manifest will be corrected within Metrc by the ICM. Once the shipment has been inspected and approved by the ICM and QAM, it will be authorized for transport.

### Responsible Advertising and Marketing

Two Buds is committed to responsible advertising that is compliant with 935 CMR 500.105(4) and educates the public about the safe use of marijuana while discouraging any prohibited consumption and preventing diversion of the product to minors. Marketing, advertising and branding created for viewing by the public will always include the statement, “Please Consume Responsibly,” in a conspicuous manner on the face of the advertisement and will include a minimum of two of the following warnings in their entirety in a conspicuous manner on the face of the advertisement [935 CMR 500.105(4)(a)5.a-e.]:

- “This product may cause impairment and may be habit forming.”
- “Marijuana can impair concentration, coordination and judgment. Do not operate a vehicle or machinery under the influence of this drug.”
- “There may be health risks associated with consumption of this product.”
- “For use only by adults 21 years of age or older. Keep out of the reach of children.”
- “Marijuana should not be used by women who are pregnant or breastfeeding.”

Any marketing, advertising and branding produced by or on behalf of Two Buds will include the following warning, including capitalization, in accordance with M.G.L. c. 94G, § 4(a½) (xxvi) [935 CMR 500.105(4)(a)6.]:

*“This product has not been analyzed or approved by the Food and Drug Administration (FDA). There is limited information on the side effects of using this product, and there may be associated health risks. Marijuana use during pregnancy and breast-feeding may pose potential harms. It is against the law to drive or operate machinery when under the influence of this product. KEEP THIS PRODUCT AWAY FROM CHILDREN. There may be health risks associated with consumption of this product. Marijuana can impair concentration, coordination, and judgment. The impairment effects of edible marijuana may be delayed by two hours or more. In case of accidental ingestion, contact poison control hotline 1-800-222-1222 or 9-1-1. This product may be illegal outside of MA.”*

Labels will be designed without any untruthful, false, or misleading claims, information, or designs, including any government insignia or implication of approval or endorsement by any government agency, including the Commission, Board, or Subcommittee. Two Buds labels will never contain a health claim that is not supported by the totality of publicly available scientific evidence and for which there is significant scientific agreement. Should a third-party certifier provide approval or certification regarding Two Buds’ cultivation practices, Two Buds will ensure the third-party certifier does not have a direct or indirect financial interest in any marijuana facility licensed in Massachusetts and that the certification protocols used by the third-party certifier have been reviewed and approved by the Commission.

Labels will avoid any graphics or other images that may cause the product to be mistaken for anything but marijuana. Marijuana leaves, slang terms, and similar references or any implication that endorses recreational use will not be utilized by Two Buds at any time. Any logo(s) used in labeling signage, and other materials will similarly avoid the use of images of marijuana, related paraphernalia. In addition, medical symbols will not be used in Two Buds logos or labels [935 CMR 500.105(4)(a)1.].

Pursuant to 935 CMR 500.105(4)(b), Two Buds will **explicitly prohibit** the following advertising, marketing, and branding activities:

- advertising, marketing, and branding that utilizes statements, designs, representations, pictures or illustrations that portray anyone younger than 21 years old;
- advertising, marketing, and branding including, but not limited to, mascots, cartoons, brand sponsorships and celebrity endorsements, that are deemed to appeal to a person younger than 21 years old;
- advertising, marketing, and branding, including statements that make any false or misleading statements concerning other licensees and the conduct and products of such other licensees;
- advertising, marketing, and branding through certain identified promotional items as determined by the Commission including, but not limited to, gifts, giveaways, coupons, or “free” or “donated” marijuana;
- advertising, marketing, and branding that asserts that its products are safe, or represent that its products have curative or therapeutic effects, other than labeling required pursuant to M.G.L. c. 94G, § 4(a½) (xxvi), unless supported by substantial evidence or substantial clinical data with reasonable scientific rigor as determined by the Commission;
- installation of any neon signage or any illuminated external signage that fails to comply with all local ordinances and requirements;

- installation of any external signage that is illuminated beyond the period of 30 minutes before sundown until closing;
- the use of vehicles equipped with radio or loud speakers for the advertising of marijuana;
- the use of radio or loud speaker equipment in any marijuana establishment for the purpose of attracting attention to the sale of marijuana;
- advertising, marketing, and branding at, or in connection with, a charitable, sporting or similar event, unless at least 85% of the audience is reasonably expected to be 21 years of age or older, as determined by reliable, current audience composition data;
- operation of a website that fails to verify that the entrant is 21 years of age or older;
- use of unsolicited pop-up advertisements on the internet;
- any advertising, marketing, and branding materials for marijuana products that fail to contain the standard health warning developed by the DPH;
- any advertising of an improper or objectionable nature including, but not limited to, the use of recipe books or pamphlets for marijuana products that contain obscene or suggestive statements;
- advertising, marketing or branding of marijuana products, on clothing, cups, drink holders, apparel accessories, electronic equipment or accessories, sporting equipment, novelty items and similar portable promotional items;
- advertising, marketing or branding on or in public or private vehicles and at bus stops, taxi stands, transportation waiting areas, train stations, airports, or other similar transportation venues including, but not limited to, vinyl-wrapped vehicles or signs or logos on transportation vehicles or company cars;
- signs or other printed matter advertising any brand or kind of marijuana product that is displayed on the exterior or interior of any licensed premises wherein marijuana products are not regularly and usually kept for sale;
- advertising or marketing of the price of marijuana products; except that the Two Buds will provide a catalogue or a printed list of the prices and strains of marijuana available at the cultivation facility to prospective clients and may post the same catalogue or printed list on its website; and
- display of marijuana products clearly visible to a person from the exterior of Two Buds' facility.

Two Buds holds the safety of children as its highest priority, and precautions will be taken during label design to ensure product labels do not appeal to these parties. Labels will not include any image bearing a resemblance to a cartoon character, fictional character, or pop culture icon whose target audience is children or youth. Labels and packaging will also avoid any resemblance to commercially-produced or trademarked foods or beverages. Prior to utilizing any label design for labeling product that is to be distributed, the QAM will be required to review the design for compliance with this policy.

#### Product Samples

Two Buds encourages showing product samples to retailers to allow marijuana establishment agents the opportunity to see and smell plant material before purchasing for their retail or product manufacturing facility. Pursuant to 935 CMR 500.105(4)(a)3., Two Buds may display, in secure, transparent, locked cases, samples held in jars of each product offered for sale and subject to the security requirements of 935 CMR 500.110. Sample jars will not contain more

than three grams of a particular strain of marijuana and be protected by a plastic or metal mesh screen.

An authorized marijuana establishment agent may remove a sample of marijuana from the case and provide it to the client for inspection, provided the client may not consume or otherwise use the sample unless otherwise authorized in 935 CMR 500. The sample jar and the plant material within will be prohibited to be sold and will be disposed of according to regulatory requirements.

**Two Buds**  
**Diversity Plan, September 25, 2019**

**Introduction**

Two Buds is committed to diversity and inclusion in all aspects of its business operations. Two Buds' diversity plan will meet all objectives defined in the state's charge to the Cannabis Control Commission (M.G.L Ch. 94G §4) regarding encouraging full participation in the cannabis industry by diverse populations. Two Buds will establish a workforce diversity and inclusion program to establish, meet and measure workforce diversity goals.

Under 935 CMR 500.101(e), every applicant applying for a marijuana establishment is required to have a diversity plan to promote equity among minorities, women, veterans, people with disabilities, and members of the LGBTQ+ community. A detailed summary must be included along with the personnel, recordkeeping, inventory, and other operating policies and procedures summarized in the Management and Operations Profile submitted to the Commission.

All of the goals and programs contained herein shall adhere to the requirements for advertising, branding, and marketing as set forth in 935 CMR 500.105(4).

All actions taken, or programs instituted according to this plan will adhere to and will not violate any applicable state law or the Commission's regulations with respect to limitations on ownership and control.

Two Buds will hire an experienced Human Resource Manager (HR) and provide them with the funding, documentation and the executive support needed to be successful in recruiting, training, and complying with the diversity rules established in 935 CMR 500. Two Buds preference is to find an experienced person who has demonstrated leadership in hiring people of all ages, races, and backgrounds. Leading and managing by example will widen the opportunities for minority applicants and will further advance an inclusive workplace at Two Buds. HR will also hold the title of *Diversity Manager* (to designate the title to a management member or appropriate employee in the future) and will oversee the designation of Diversity Champions who will represent the workforce.

HR will set diversity goals and objectives and will manage the internal tracking and publication of those goals and objectives. HR will set a schedule for meetings with the Diversity Champions and will maintain a record of goals, discussion points and observations deriving from these meetings.

In addition to information obtained through regular Diversity Champion meetings, HR will design and implement a confidential online survey accessible via the Two Buds website for employees' feedback. Employee feedback will provide actionable data and insight to assist in developing a cohesive working culture and maintaining a sustainable degree of employee loyalty and team turnover. HR will use both quantitative data

collection (online surveys) and regular staff meetings (qualitative) to communicate company messages and to listen to employee ideas to reinforce a diverse workplace environment. HR and the management team will hold an in-house Town Meeting twice a year for all employees to discuss operational goals and results. Information and communication are the two pillars of operational excellence.

Through surveys, Diversity Champions' and Town Hall meetings, HR will collect data on different metrics that affect the diversity of the teams at Two Buds. These quantitative and qualitative data are critical to understanding organizational health and identifying areas for improvement. They will help identify problem areas in recruiting pipelines, key predictors for dissatisfaction and turnover, and correspondingly, good areas for intervention and improvement.

Notwithstanding any conflicting provision contained herein, the success or progress of the goals and programs contained in this Plan shall be reviewed and documented, at a minimum, within **one year** following issuance of Provisional Licensure and **annually** each year thereafter.

### **Recruitment Plan**

Two Buds shall either host recruitment events at its premises in Rockland or participate in Local Career Fairs, focusing its efforts on women, minorities, veterans, people with disabilities, and members of the LGBTQ+ community. During the initial hiring phase prior to commencing operations, Two Buds shall host or participate in Local Career Fairs on a bi-monthly basis until all positions are filled. Local Career Fairs shall mean those recruitment events that are hosted from time to time by community organizations and educational institutions in the above-established Diversity Zones, including but not limited to: MassHire, Massasoit Community College, Fisher College-Brockton, and Quincy College. Advertisements for recruitment events shall target women, minorities, veterans, people with disabilities, and members of the LGBTQ+ community. These advertisements shall be published via Two Buds's website and in community publications in each of the above-established Diversity Zones, including but not limited to: Dig Boston, The Patriot Ledger (Quincy) and The Enterprise (Brockton) at least twice annually.

### **Goals for Diversity**

The HR and management team will establish diversity and inclusion goals. **Two Buds shall hire 50% of its staff from the following populations:**

- Females
- LGBTQ+
- Employees representing minority groups
- Physically disabled
- Veterans

### Programs to Achieve Goals

The HR and management team will design and execute programs specific to advancing and maintaining diversity and inclusion goals and initiatives, and related employee advancement programs. These programs will include:

- **Minority Advisory Department (MAD)**- A group of minority and veteran advisors, that will provide regular input to inform senior management on issues relating to this plan to insure an inclusive and supportive workplace. MAD will be created **within 90 days** of operational approvals. MAD will meet **quarterly**.
- **Diversity Champions**—A standing focus/advisory group designated to assist HR and management in recognizing, achieving and monitoring workplace diversity and inclusion goals and objectives. **This advisory group will report quarterly to MAD.**
- **Monthly Workplace Mentorship**—A program designed to provide continuing workplace skills to assist in employee training and advancement. **The mentors will meet with their mentees monthly and report to MAD quarterly.**
- **Workplace Inclusion Program**—A workplace program consisting of diversity and inclusion training and exploring key concepts such as identity, respect, communication and acceptance. **This program will be reviewed in conjunction with the MAD quarterly meetings.**
- **Bi-Annual Recruitment events**—A constantly updated schedule of job fairs and recruitment events in adjacent areas of disproportionate impact (Brockton, Abington, Braintree, Quincy and Boston) to be held **twice a year** by Two Buds or in which Two Buds will participate.
- **Semi-Annual Town Hall Meeting**—**Semi-annual** full participation meetings with management and employees.
- **Two Buds Learning Center**—**Monthly** regular classes covering a wide range of company and industry subjects and operations.
- **Monthly Lunch with Management**—**Monthly** lunches to assist in constructive communication between management and employees.

### Metrics to Measure Results

Two Buds will continually measure and address its diversity and inclusiveness activities and status by tracking and analyzing metrics via its Minority Advisory Department (“MAD”). MAD shall submit an **ANNUAL DIVERSITY REPORT** to the Human Resources Manager outlining the progress and activities of the MAD program. The Human Resources Manager shall disburse a **QUARTERLY SURVEY** to attendees of the In-House Training Workshops, the results of which shall be used by management and the MAD

team to develop future seminars. During the initial hiring phase prior to commencing operations, Two Buds's Human Resources Manager shall continuously monitor staff demographics to ensure that the stated goals are met. Further, the Human Resources Manager shall conduct staff **DEMOGRAPHIC AUDITS ON A BI-ANNUAL BASIS**. All data collected as part of demographic audits shall be in full compliance with all state and federal privacy protections and disclosure restrictions. Two Buds will design and implement a confidential Net Promoter Score (NPS). The NPS will be distributed and reviewed **ANNUALLY PRIOR TO RENEWAL AND DURING THE EMPLOYEES' EXIT INTERVIEWS**. The data drawn from the NPS will provide qualitative feedback and actionable data for maintaining sustainable diversity results with high employee satisfaction.

1. Employees overall, by gender, function, seniority and tenure, sorted by demographics
2. Employee status (full-time/part-time/contractor), sorted by demographics
3. Management and leadership, sorted by demographics
  - a. Employees reporting to female managers
  - b. Employees reporting to managers from underrepresented groups
4. Salary, sorted by demographics
  - a. Raises and bonuses, sorted by demographics
5. Candidate pools and hiring funnels, by role, sorted by demographics
6. Voluntary and involuntary attrition rates, sorted by demographics
7. Promotion rates, sorted by demographics
8. Complaints (formal and informal), sorted by demographics
  - a. Complaint resolution status

In addition, Two Buds will compile the following data in order to establish comparable demographics and identify and address the company's diversity and inclusion profile. Two Buds will collect this data in full compliance with all state and federal privacy protections and disclosure restrictions.

1. Race/ethnicity, with affordance for multiracial identity
  - a. African-American/Black
  - b. East Asian (including Chinese, Japanese, Korean, Mongolian, Tibetan, and Taiwanese)
  - c. Hispanic/Latinx
  - d. Middle Eastern
  - e. Native American/Alaska Native/First Nations
  - f. Pacific Islander
  - g. South Asian (including Bangladeshi, Bhutanese, Indian, Nepali, Pakistani, and Sri Lankan)
  - h. Southeast Asian (including Burmese, Cambodian, Filipino, Hmong, Indonesian, Laotian, Malaysian, Mien, Singaporean, Thai, and Vietnamese)
  - i. White
  - j. Prefer not to answer

2. Gender
3. Disability status
4. Sexual orientation
5. Family status
  - a. Children in the home part-time or full-time
  - b. Responsibility for the care of other people
6. Veteran status
7. English proficiency
  - a. Languages spoken
8. Age and tenure at organization
9. Highest level of Education attained
10. College attended: public/private/any
11. Criminal background
12. Residence in an area of disproportionate impact

## **Two Buds, LLC Maintaining Financial Records**

### **September 10, 2019**

Two Buds will implement record keeping policies and procedures in compliance with Cannabis Control Commission (Commission). Two Buds will maintain copies of all required financial information necessary to conduct business under its license(s). Financial records will be retained by Two Buds for the current year and at least the six proceeding calendar years. Financial records will be made available to the Commission and authorized law enforcement upon request [935 CMR 500.105(9); 935 CMR 500.300(1)].

To ensure the integrity of financial records, Two Buds intends to contract with a third-party security vendor to design and install a customized security system that includes data retention and back-up for all critical electronic records in compliance with 830 CMR 62C.25.1: Record Retention and DOR Directive 16-1. Electronic information will be stored both on site in short term storage, and further backed up by the security vendor at their offsite facility, creating maximum redundancy and long-term data security.

Financial records will be kept by the CFO in a locked file cabinet in a secure, limited access area with keys granted only to Two Buds' designated employees [935 CMR 500.110(4)]. Financial records will be scanned regularly to create an electronic copy. Electronic information will then be backed-up on a secure electronic data retention system to protect against loss.

Pursuant to 935 CMR 500.140(6), Two Buds, LLC employees and agents are prohibited from utilizing software or other methods to manipulate or alter sales data.

### **Financial Records**

Two Buds' Chief Financial Officer will be responsible for the security and accuracy of all financial records maintained for the cultivation facility [935 CMR 500.101(1)(c)(j)]. The accumulation of comprehensive, reliable sales data provides management with critical information needed for measuring performance as well as strategizing and planning.

Financial recordkeeping will include:

- All financial transactions and the financial condition of the business, including contracts for services performed or received;
- Purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents (including the items and/or services purchased, from whom the items were purchased, and the date of purchase);
- Bank statements and canceled checks for all accounts relating to the business, and
- Accounting and tax records related to the business and all investors in the facility.

Purchase orders will include:

- Company name,
- Date of order,
- Purchase order (PO) number,
- Vendor/supplier name, address and phone number,
- Ship to name, address and phone number,

- Item(s) name(s),
- Item(s) description(s),
- Item quantity,
- Unit price,
- Total price,
- Additional charges,
- Notes, and
- “Authorized by” name.

Received invoices will include:

- Vendor/supplier name, address and phone number,
- Shipping company,
- Shipment number,
- Date of receipt,
- Invoice number,
- Details of shipment,
- Product name,
- Product description,
- Product quantity,
- Unit price,
- Total price, and
- Name of employee who inspected and received the product.

### Sales Data

The POS system will invoice sales and keep track of finished goods inventory, so management can plan production volumes. Pursuant to 935 CMR 500.140(6), Two Buds, LLC shall adopt accounting practices at the point-of-sale separating sales of marijuana and marijuana products from non-marijuana sales. Some of the system’s key performance indicators (KPI) include:

- Sales by product,
- Sales by customer,
- Sales by region,
- Sales by representative,
- Gross profit by date range, and
- Gross profit by product line.

### Sales Data Analysis and Reporting

Pursuant to 935 CMR 500.140(6), Two Buds, LLC shall conduct a monthly analysis of its equipment and sales data to determine that no software has been installed that could be utilized to manipulate or alter sales data and that no other methodology has been employed to manipulate or alter sales data. Two Buds, LLC shall maintain records that it has performed the monthly analysis and produce it upon request to the Commission. If Two Buds, LLC determines that software has been installed for the purpose of manipulation or alteration of sales data or other methods have been utilized to manipulate or alter sales data, it shall take the following action:

- it shall immediately disclose the information to the Commission;

- it shall cooperate with the Commission in any investigation regarding manipulation or alteration of sales data; and
- it shall take such other action directed by the Commission to comply with 935 CMR 500.105.

### **Expiration and Renewal of Registration**

Two Buds' license will expire one year after the date of issuance of the provisional license and annually thereafter. Two Buds will renew the license unless an action has been taken based upon the grounds set forth in 935 CMR 500.450.

No later than 60 calendar days prior to Two Buds' license expiration date, Two Buds will submit a completed renewal application to the Commission in a form and manner determined by the Commission, as well as the required fee. Two Buds will submit as a component of the renewal application a report and other information demonstrating efforts to comply with the plans required under 935 CMR 500.101(1) and (2), including 935 CMR 500.101(1)(a)11. and (1)(c)7.k. or 935 CMR 500.101(2)(b)10. and (2)(e)7., as applicable.

Two Buds will update as needed, and ensure the accuracy of, all information that it submitted on its initial and renewing applications for a license. The Commission will issue a renewal license within 30 days of receipt of Two Buds' renewal application and renewal license fee. Two Buds will remain in good standing and will file all tax returns required pursuant to M.G.L. c. 64N. At the time of renewal, Two Buds will make available an accounting of the financial benefits accruing to the municipality as a result of the cooperative host community agreement with the Town of Rockland. The Commission will make this information available on its website. Pursuant to 935 CMR 500.050(2)(d), in connection with Two Buds' license renewal process, the Commission will review Two Buds' records during the six months prior to application for renewal. Two Buds' understands that the Commission may reduce its maximum canopy to a lower tier if it sells less than 70% of what it produces during the six months prior to the application for renewal. The Commission may also consider the following factors, including but not limited to:

- Cultivation and production history including whether the plants/inventory suffered a catastrophic event during the licensing period,
- Transfer, sales, and excise tax payment history,
- Existing inventory and inventory history,
- Sales contracts, and
- Any other factors relevant to ensuring responsible cultivation, production, and inventory management.

## Two Buds, LLC Personnel Policies and Background Checks

September 10, 2019

Personnel policies entail the various positions in the facility, their individual roles, duties, and responsibilities, and individual personnel records. Personnel policy deals with the creation and implementation of standard operating procedures (SOP) and involves the use of personal protective equipment (PPE) and workplace safety and emergency response.

Two Buds's cultivation facility will employ a full-time compliment comprising at least 15 permanent staff position titles. Staffing will require each position to be filled; "team" positions may require the hire of multiple employees. The employee organizational chart below illustrates the positions within the facility.

### Two Buds' Cultivation Organizational Chart

|                      |                     |                           |                  |
|----------------------|---------------------|---------------------------|------------------|
| Two Buds Co-Founders |                     |                           |                  |
| CFO, CSO, HR         |                     |                           |                  |
| General Manager      |                     |                           |                  |
| Operations Manager   |                     |                           |                  |
| Compliance Manager   | Master Cultivator   | Quality Assurance Manager | Facility Manager |
|                      | Cultivation Manager |                           |                  |

### Employee Roles, Duties and Responsibilities

#### General Manager

##### *Duties and Responsibilities:*

- Oversees the Managers of Cultivation, Manufacturing and Retail
- Manages the day-to-day operations of the entire facility, problem solving while interacting with both internal and external experts
- Ensures all facility requirements are maintained with continual upkeep and that operations run smoothly, on schedule and positively support the cannabis supply chain and operations

#### Operations Manager, Cultivation

##### *Duties and Responsibilities:*

- Oversees the Compliance Manager, Quality Assurance Manager and Facilities Manager
- Oversees the operations within the cultivation facility
- Responsible for budgeting the department's expense, monthly reporting and works closely with the CFO on expense variances
- Assists all managers throughout the facility in trouble-shooting operational issues and escalating matters to the General Manager

### **Compliance Manager**

#### *Duties and Responsibilities:*

- Ensures facility compliance with local, state, and federal guidelines
- Maintains company adherence to occupational, health, and safety regulations
- Shares best practices in the usage of Metrc, the seed-to-sale tracking software system, with all throughout the organization
- Ensures regulations and industry standards are met as they relate to growing, testing and manufacturing of all cannabis products
- Ensures the tagging of all product within the facility is accurately recorded in the seed-to-sale tracking system.
- Shadows state regulators on all inspections and takes notes to ensure that follow-up items are completed in a timely manner

### **Master Cultivator**

#### *Duties and Responsibilities:*

- Establishes cultivation and manufacturing goals and timelines while managing plant schedules and workflows
- Develops and implements facility crop production plan, including nutrient management, irrigation, pest control, environmental control, and other crop-specific practices
- Trains team members on techniques and practices in areas of propagation, transplanting, plant care, irrigation, fertilization, soils management, composting, pest management, disease detection and control, inventory controls, and equipment maintenance, etc.
- Determines timing and through-put of the product through the life-cycle of the plant and manufacturing

### **Cultivation Manager**

#### *Duties and Responsibilities:*

- Trains, implements and leads both Cultivation and Harvest Agents in processes to

ensure consistent high-quality product

- Educates staff on cultivation management improvements, including Integrated Pest Management (IPM), seed/clone genetics, nutrients, soil amendments, pesticides, etc.
- Responsible for managing the employees throughout all phases of cultivation
- Manages performance by formulating effective goals, setting targets, and key performance indicators as appropriate
- Ensures the cultivation of consistent, repeatable, reliable, safe, and high-quality product commensurate with market demand
- Assures policies and procedures are being enforced throughout the Cultivation Facility to better meet production and sales goals, and to ensure a safe working environment

### **Quality Assurance Manager**

#### *Duties and Responsibilities:*

- Ensures quality of all materials and product for cultivation, manufacturing and sales are safe and adhere to highest quality standards so as to produce quality product
- Adheres to Good Food manufacturing and Hazardous Analysis protocols
- Supervises and coordinates the activities of the cultivation, manufacturing and retail products and services to ensure that it meets Good Manufacturing Practices
- Performs required daily, weekly and monthly inspections within all departments of the company
- Follows all state regulations and company Standard Operating Procedures

### **Facilities Manager**

#### *Duties and Responsibilities:*

- Manages facility operations: establishes and implements preventive maintenance on all systems in the building including; HVAC, lighting, irrigation systems, etc.
- Ensures safe operation of equipment, irrigation/fertilization systems, environmental controls, and other relevant systems by adhering to preventive maintenance schedules, following manufacturer's instructions, troubleshooting malfunctions, etc.
- Develops back-up or alternative systems for common problems such as power shortage
- Ensure safety of building from fire, flood and other hazards; maintains fire equipment and coordinates inspections
- Coordinates and oversees all facility inspections

### **Personnel Records**

Two Buds will maintain accurate personnel records by creating a dedicated employee file for every new hire. These records will be maintained for at least 12 months after termination of an

employee's affiliation with the facility. Accordingly, all personnel records will include [935 CMR 500.105(9)(d)]:

- all materials submitted to the Commission pursuant to 935 CMR 500.030(2) regarding marijuana establishment agent applications;
- documentation of verification of references;
- job descriptions for each employee and volunteer position, as well as organizational charts consistent with the job descriptions;
- the job description or employment contract that includes duties, authority, responsibilities, qualifications, and supervision;
- documentation of all required training, including training regarding privacy and confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received said training and the topics discussed, including the name and title of presenters;
- documentation of periodic performance evaluations;
- a record of any disciplinary action taken; and
- notice of completed responsible vendor and eight-hour related duty training.

Applications for registration of marijuana establishment agents will include [935 CMR 500.030(2)]:

- the full name, date of birth, and address of the individual;
- all aliases used previously or currently in use by the individual, including maiden name, if any;
- a copy of the Two Buds'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;
- an attestation that the individual will not engage in the diversion of marijuana products;
- written acknowledgment by the Two Buds of any limitations on his or her authorization to cultivate, harvest, prepare, package, possess, transport, and dispense marijuana in the Commonwealth;
- background information, including, as applicable:
  - 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;
  - a description and the relevant dates of any civil or administrative action under the laws of the Commonwealth, another state, the United States or foreign jurisdiction, or a military, territorial, or Native American tribal authority relating to any professional or occupational or fraudulent practices;
  - a description and relevant dates of any past or pending denial, suspension, or revocation of a license or registration, or the denial of a renewal of a license or registration, for any type of business or profession, by any federal, state, or local government, or any foreign jurisdiction;

- 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 Two Buds; and
- a nonrefundable application fee paid by the Marijuana Establishment with which the marijuana establishment agent will be associated; and
- any other information required by the Commission.

### **Employee Background Checks**

Pursuant to 935 CMR 500.030(3) and 935 500.101(1)(b), Two Buds will conduct a criminal history background check on every executive and any prospective employee prior to hiring that individual. Two Buds will keep records of the results of all criminal history background checks requested and make the confirmation of criminal history background checks available for inspection upon request by the Commission or authorized law enforcement. Two Buds will require employees to report any new or pending charges or convictions. If an employee is charged or convicted for a controlled substance-related felony or any other felony, Two Buds will report it immediately to the Commission and terminate employment.

### **Workplace Safety and Emergency Response**

Prior to operational startup, Two Buds's General Manager (GM) and Security Manager will work with their selected professional security vendor(s) to develop a Workplace Safety & Emergency Response Plan as part of a comprehensive security strategy. The Security Manager will be responsible for training staff regarding safety and emergency protocols and for planning scheduled safety inspections by local regulatory authorities. The Quality Assurance Manager will maintain detailed records of inspection results and address resulting health and safety concerns with management and staff. Ultimately, the General Manager will be responsible for the security of the premises, with the majority of day-to-day responsibilities falling to the Security Manager under their direct oversight.

### **Worker Safety Standards**

Employee and public safety is one of Two Buds's foremost business considerations [935 CMR 500.105(1)(b)]. Every attempt will be made to prevent accidents from occurring while conducting business. Two Buds's safety and sanitation SOPs address both Occupational Safety and Health Administration (OSHA) regulations and good agricultural/manufacturing practices. Key cultivation personnel will be required to participate in OSHA Certification in Health and Safety educational classes. All employees will be fully trained in the safe and efficient use of the chemicals, tools, and machinery relevant to their position at the facility.

### **Chemical Handling Safety**

Safety data sheets (SDS), material safety data sheets (MSDS), and product safety data sheets (PSDS) are an important component of product stewardship and occupational safety and health. They are intended to provide workers and emergency personnel with procedures for handling or

working with that substance in a safe manner and include information such as physical data (melting point, boiling point, flash point, etc.), toxicity, health effects, reactivity, storage, disposal, protective equipment, first aid, and spill-handling procedures. Two Buds SOPs for chemical receiving, tracking, use, storage, and disposal will include references to relevant SDS applicable to that specific process. Two Buds will maintain a comprehensive database of all SDS in both hard copy and electronic scanned copies on site. Hard copies of the SDS for all hazardous chemicals to which employees may be exposed will be readily available in each chemical storage area in a designated SDS binder. Employees will be required to read the SDS for every chemical they use. The Quality Assurance Manager will be responsible for obtaining all safety data sheets from manufacturers and maintaining the SDS binder.

#### Personal Protective Equipment (PPE)

Two Buds has established safety protocols and documentation procedures to protect workers [935 CMR 500.110(11)(d)]. Cultivation employees will be provided appropriate PPE and training in the proper storage, inspection, and maintenance of their PPE. Employees will take the necessary precautions to protect themselves and will be trained in decontamination procedures. Two Buds's PPE program will be consistent with OSHA and EPA standards and will address:

- Hazards present;
- Selection, maintenance, and use of PPE;
- Training; and
- Monitoring.

Standard PPE required for all cultivation employees includes uniforms with some level of fire resistance, chemical resistant gloves, boots with water resistance and slip protection, N-95 or P-100 disposable respirators, a full-face air-purifying respirator with a minimum P-100 filter, fitted by a qualified professional, for employees with beards or performing substance spray applications, and Tyvek coveralls for employees performing substance spray applications.

#### Respiratory Protection Program

The Cultivation Manager will be responsible for using the Certification of PPE Hazard Assessment to outline work areas and job classifications for which respirators are required, and the types of respirators required. It will be company policy that all employees working in areas or job classifications requiring the use of tight-fitting respirators undergo evaluation and fit testing before assignment. Two Buds will train these employees on program requirements and provide specific instruction on the proper use, maintenance, and limitations of respirators. Respirators will not be used in a manner inconsistent with their National Institute of Occupational Safety and Health (NIOSH) certification or manufacturer's instructions.

#### **Emergency Response**

Two Buds has created emergency notification procedures with their selected security vendor(s), integrating SOPs for employee conduct and the utilization of physical alarms within the facility, ensuring timely communication with the State, law enforcement, and emergency response

professionals. The Security Manager will ensure all equipment is kept in good working order and will have the system inspected by Two Buds's selected security vendor at least once a year. The security vendor will repair or replace any failed video surveillance component within 24 hours when possible.

#### Facility Security and Crime Prevention

Employees responsible for opening and closing the facility will be trained to view either the exterior of the building from the outside before opening or through the surveillance monitors at closing to ensure there are no observable security threats before entering or leaving the building. Security threat examples include suspicious person(s) or activities near the licensed premises. Closing procedures will also include a final exterior walkaround to confirm all entrances and exits are securely locked.

Employees who are required to operate the security system will be trained to activate and deactivate the alarm and how to respond to burglary, fire, or other emergency that is indicated by the security alarm system.

Once trained, employees that are required to interface with the alarm system will be issued a unique control panel code that will identify any actions performed in the system by the employee. Training of all employees will include the "All-Clear" and "Distress" codes assigned to the facility by the security alarm monitoring company, and the appropriate use of each code in the event of an actual or false alarm.

Throughout the business day, a minimum of two employees will be present in the facility, especially during opening and closing procedures. Additionally, Two Buds's security vendor(s) will monitor the licensed premises 24 hours a day, at both occupied and unoccupied times.

#### Incident Reporting

Incident report forms comprise a record of events, witnessed by employees or recorded on the security and surveillance system, so that a chain of events leading to possible break-ins or internal theft may be identified in an investigation after the fact. An "incident" may be anything substantially out of the ordinary or suspicious that occurs during or after normal business hours. An attempted burglary or break-in, the presence of unauthorized individuals, or an employee injury are all examples of noteworthy incidents that should be documented. Serious incidents associated with theft or loss will be reported to the Commission and law enforcement agencies within 24 hours pursuant to [935 CMR 500.110(7)(a)]. Incident Report forms will include the following and be provided along with relevant video surveillance footage upon request:

- Witness' name, contact information, and signature;
- Incident date, time, and location;
- Person(s) involved in incident;
- Witness description of incident; and

- If incident involved or was reported to authorities, date of report and agency contact information including name(s) of agency employees.

### **Diversion Dismissal Policy**

Policy for immediate dismissal of any agent who has diverted marijuana; has engaged in unsafe practices regarding operation of a Marijuana Establishment; and/or has been convicted of or pled guilty to a felony for distribution to minors

Two Buds, LLC shall immediately dismiss—and immediately report to the Commission and appropriate law enforcement authorities within twenty-four (24) hours—any employee or agent who has:

1. Diverted marijuana;
2. Engaged in unsafe practices regarding the operation of a Marijuana Establishment; OR
  - a. Including but not limited to: (1) theft; (2) improper disposal of cannabis or cannabis products; (3) use of drugs or alcohol while on Two Buds, LLC's premises; or (4) any other workplace behavior which, in the discretion of Two Buds, LLC's management, is unsafe or places Two Buds, LLC at risk
3. Been convicted or entered a plea of guilty, *nolo contendere*, or admitted sufficient facts to support a felony drug offense involving distribution to a minor in the Commonwealth of Massachusetts, 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.

Any Two Buds, LLC employee or agent who is found to have diverted marijuana or engaged in the above-stated unsafe practices shall be subject to immediate dismissal per the employment contract and applicable state regulations.

Two Buds, LLC has a zero-tolerance policy for diversion of any kind. Any attempt to divert marijuana shall result in immediate termination and shall be reported to the Commission and to the appropriate law enforcement authorities within twenty-four (24) hours. All employees will be required to sign a written acknowledgment of receipt of this anti-diversion policy as part of the onboarding process. This signed acknowledgment shall be stored in each employee's file.

### **Emergency Operating Procedures**

The purpose of the Emergency Operations Plan (EOP) is to organize Two Buds's response to emergencies and disasters while providing for the safety and welfare of its staff and consumers [935 CMR 500.105(1)(i)]. The EOP addresses emergencies and disasters caused by natural or manmade events. The EOP includes the full range of complex and changing requirements prior to, during, and following an emergency or disaster. It sets forth lines of authority, communications plans, responsibilities and organizational relationships, and shows how all actions will be coordinated among the staff.

The EOP will identify by name and title the primary person who will be in charge during an emergency, and at least one alternate who will be in charge if the primary is unable to serve in that capacity. Specific Job Action Sheets will be available for each employee that instructs them on what to do during a shelter-in-place or evacuation event. These sheets will be kept handy for employees, either at workstations or in Go-Kits. Go-Kits will be prepared in advance and stored within easy reach at each workstation.

Several copies of the EOP will be located around the facility and employees will know where they are kept. Two Buds will maintain a list of critical documents that will be prioritized in case of emergency evacuation, and a plan for transporting these documents to an alternate location in the event of an evacuation (including the name of the person, and an alternate, who will be responsible for this task).

The EOP will anticipate and plan for as many emergency contingencies as possible, particularly during power losses from severe weather. Since power may go out, employees may only store non-perishable food and water at the facility. The facility will have the ability to communicate without power, cell phones, cable or other hard line telephones by using a battery operated two-way radio or a hand-crank radio and will maintain a supply of backup batteries. During an extended emergency, such as a blizzard, resources will be carefully managed to mitigate issues with garbage storage as pick-ups may be delayed or halted.

Two Buds recognizes the importance of sharing its EOP with local government emergency managers (city and county). This will ensure that emergency responders include the facility when planning for community-wide emergencies. Emergency managers can also help assess local hazard risks and nearby resources (shelters, transportation, etc.). Emergency plan review and maintenance will be conducted by the Two Buds once a year and may include:

- Communications with the local Office of Emergency Management (OEM);
- Close review of evacuation destinations and directions;
- Physical plan analysis along with annual fire safety reviews;
- Mutual aid agreements with other facilities, agencies, etc.;
- Evacuation maps;
- Procedures for sheltering-in-place, evacuation, fire hazards, and any other hazards specific to the region;
- Cross-training efforts and cross-coverage assignments;
- Designated staff and departmental emergency assignments;
- Staff organizational chart; and
- Supplies list:
  - Extra plastic eating utensils, paper plates, cups, garbage bags, and other dry goods supplies may be needed during an extended emergency;
  - Trash bags;
  - Flashlights; and
  - Communications equipment.

## **Policies for Alcohol, Smoke, and Drug-Free Workplace**

Two Buds, LLC is dedicated to providing a healthy and productive workplace for all employees, volunteers and consultants.

### **Non-Smoking Policy**

Smoking shall be strictly prohibited for all employees, volunteers and consultants on all Two Buds, LLC premises. All tobacco use shall occur outside of Two Buds, LLC's facilities in accordance with the laws of the Commonwealth of Massachusetts. In an effort to maintain security and limit loitering, Two Buds, LLC will establish designated smoking areas for employees and visitors.

### **Drug and Alcohol Policy**

Two Buds, LLC adheres to the principles of the Drug-Free Workplace Act. The user of illicit drugs and alcohol at Two Buds, LLC, on work premises or at Two Buds, LLC company functions, impairs the safety and health of employees, lowers productivity and quality of work performed, and undermines the public's confidence in Two Buds, LLC. The unlawful possession, use, or distribution of illicit drugs and alcohol on Two Buds, LLC's property or as part of any Two Buds, LLC function is prohibited. All agents of Two Buds, LLC, including but not limited to employees, volunteers, and contractors, are urged to carefully reflect on their personal responsibility to remain drug free. Two Buds, LLC also encourages employees, volunteers and contractors to demonstrate care and concern for others through timely intervention, support, and referral where drug and alcohol abuse is suspected.

All Two Buds, LLC employees are prohibited from unlawfully manufacturing, distributing, dispensing, possessing, or using alcohol or controlled substances on Two Buds, LLC's property. Two Buds, LLC employees are also prohibited from use of alcohol or controlled substances at or in conjunction with any Two Buds, LLC activity. Employees who violate this policy shall be subject to disciplinary action up to and including termination of employment.

All Two Buds, LLC employees are required, at a minimum, to satisfactorily perform the basic functions of their employment. Further, all Two Buds, LLC employees are expected to behave professionally at all times when on Two Buds, LLC's premises or while in attendance at events relating to Two Buds, LLC.

## **Confidential Consumer Information Policy**

Information collected by Two Buds, LLC regarding consumers and agents is confidential and shall not be shared with or disclosed to any third party without the written consent of the individual who is the subject of the information, or as required under law or pursuant to an order from a court of competent jurisdiction. Two Buds, LLC's POS and order management systems are in compliance with all applicable state and federal law.

Two Buds, LLC shall utilize a secure third-party email service capable of obscuring recipient names and email addresses from view when sending marketing emails to consumers. If manual emails are sent to multiple consumers, recipient addresses shall be obscured via the "BCC" function.

### Employee Confidentiality Training

Training on, and adherence to, this Confidential Information Policy is required for all Two Buds, LLC employees. As part of on-boarding training, all employees shall participate in a training seminar stressing the importance of maintaining confidential information in the workplace. Upon the conclusion of confidentiality training, each employee shall acknowledge, in writing, completion of training on proper handling of confidential information. This signed acknowledgment shall be stored in each employee's file.

## **Two Buds, LLC Qualifications and Training**

### **Experience in Cultivation: Medicine Man Technologies**

In order to gain immediate experience with indoor commercial cultivation of cannabis, Two Buds will rely on the expertise of their selected cultivation consultant, Medicine Man Technologies. Medicine Man Technologies (symbol: MDCL), bases its marijuana cultivation experience on its relationships with Medicine Man Production Corporation, and Pono Publications, dba Three A Light, both Colorado Corporations. Medicine Man Production Corporation is a licensed Tier 3 cultivator in Colorado, growing both medical and adult-use marijuana for consumers within a 40,000 sq ft industrial facility in Denver, CO. Three A Light is a proprietary cultivation system that enables operators to produce three pounds of dried, cured marijuana per 1000W light fixture; an industry-leading measure of productivity and quality for indoor cultivators.

Through the agreement between Two Buds and Medicine Man Technologies, including the dissemination of technical data, facility designs, and standard operating procedures, Two Buds will be able to eliminate the costly mistakes of learning how to cultivate marijuana on a commercial scale. This will provide speed to market advantages for the company as well as an ongoing support mechanism in the event of a system or process failure requiring expert consulting to remedy.

The process of cultivating marijuana is time-intensive, with the full plant life cycle taking over five months from clone to cure. Each stage in the cultivation process contains a series of critical steps that must be carefully followed in order to produce high-quality, consistent plant material. As a result of the consulting relationship with Medicine Man Technologies, Two Buds has access to proven SOPs that outline, in detail, each step of the cultivation process. Adapted to be compliant with Commission regulations, these SOPs will outline the following for Two Buds' cultivation team:

- All required regulatory references;
- List of equipment used in the process;
- The purpose of the policy;
- Required staffing and assigned responsibilities;
- The process workflow outlined in step-by-step chronological manner; and
- Management and employee sign-off, noting the fulfillment of training and understanding of the SOP for personnel files.

Sample cultivation SOPs made available to Two Buds:

- Container Cleaning
- Cloning
- Clone Maintenance
- Curing
- Drying
- Harvesting Plants
- Integrated Pest Management
- Netting Tables

- Mixing Nutrients
- Receiving Marijuana
- Room Sanitation Practices
- Shipping Marijuana
- Topping and Pruning
- Trim Machine Cleaning
- Trimming
- Waste Disposal
- Watering Plants

### **MMT Business History**

Medicine Man Technologies entered into an IP License agreement with Medicine Man Production Corporation in 2013. This license agreement entitles Medicine Man Technologies to sub-license Medicine Man Production Corporation's state-of-the-art intellectual property including commercial cultivation methods and best practices, facility design, and operation expertise to marijuana cultivators throughout the US.

Medicine Man Production Corporation has cultivated marijuana on a commercial scale since 2009. The company has invested substantial time, energy, and capital in the research and development that has made Medicine Man the success that it is today. Their current 40,000 sq ft industrial cultivation facility utilizes a three-phase power service. In fiscal year 2016, Medicine Man Production Corporation produced 6,958 pounds of marijuana; 5,607 pounds of dried, cured flower and 1,351 pounds trim plant material.

In early 2017, Medicine Man Technologies acquired Pono Publications, dba Three A Light, allowing Medicine Man Technologies to provide Two Buds with Three A Light's revolutionary process for cultivating marijuana. Three A Light's dedicated Denver facilities encompass over 47,000 sq ft, producing an average of 1300 pounds of marijuana per month – an annual yield of 15,600 pounds. The process is based on proprietary tending and feeding practices designed to maximize plant output, creating high yields with lower overhead than competing methods.

### **Likelihood of Success**

Two Buds understands that operating a successful commercial marijuana facility requires the ability to consistently and efficiently cultivate high quality marijuana, paying the utmost attention to consumer, public, and product safety. Two Buds will deploy production control measures that allow for flexible scalability, increasing or decreasing production promptly and efficiently to meet market demand. Two Buds has identified the following potential risk factors of operating a cultivation facility:

- High cost of facility buildout, including: construction materials, cultivation equipment, electrical gear, mechanical gear, utility upgrades, contract labor, etc.;
- Lack of hands-on commercial cultivation experience within the ownership group;
- Lack of proven commercial cultivation standard operating procedures; and
- Potential shortage of locally trained workforce.

To mitigate these risk factors and improve likelihood of success, Two Buds vetted leading industry operators and consultants from US state markets with comparable regulated marijuana programs. Two Buds sought out licensed operators who have demonstrated proven operational success, along with the ability to address and mitigate the aforementioned risk factors.

As it may take significant time and resources to acquire and maintain licensing, compliance, and demonstrate operational proficiency within a state marijuana program, there were few qualified candidates who met Two Buds' criteria. The formal consulting relationship enables Medicine Man Technologies to function as Two Buds' cultivation advisors through the application process, throughout the preparatory stages to become fully operational, and once operational for any desired length of time. In addition, the services rendered through the consulting agreement address the mitigation of primary risk factors faced by Two Buds, including:

- Services for facility design, equipment selection, and advisement for a local construction team (general contractor, architect, engineer, etc.);
- Transfer of technical data, including adoption and implementation of proven commercial cultivation methods and standard operating procedures; and
- Training services, including hands-on commercial cultivation training for Two Buds management and key employees.

Once operational, continued cultivation technical support from Medicine Man Technologies will allow Two Buds to stay abreast of industry best practices and tested innovations.

- Two Buds will benefit from MMT and Three A Light's long standing, excellent working relationships and strategic partnerships with top product manufacturers and suppliers. This includes the exclusive Success Nutrients line, formulated specifically for Three A Light's proprietary cultivation processes.
- MMT's digital platform will allow a software interface for support directly from Three A Light's cultivation experts at any time. It will also provide an instant snapshot of cultivation operations through harvest reports, current status reports, employee features, invoicing, and more.
- Continuing research and development at Three A Light facilities in Colorado removes the associated risk with costly facility and personnel investment while ensuring Two Buds remains on the forefront of new industry technologies and techniques as they pass or fail rigorous testing in a working cultivation. R&D includes, but is not limited to, innovative pest management, cultivation technologies and equipment, and genetics.

## **Employee Qualifications**

**Note:** All candidates for employment must pass the state required background checks.

### **General Manager**

#### *Qualifications:*

- Has 5+ years' experience or a BS degree in business management, operations or logistics
- Knowledge and experience in cannabis cultivation and manufacturing
- Knowledge of current state regulations and laws concerning cannabis
- Strong inter-personal skills with proven ability to engage and motivate staff
- Ability to think on your feet and use problem solving skills when the situation arises
- Proficiency in technology software, desktop electronics, MS Office (Word, Excel, Outlook, PowerPoint)

## **Operations Manager, Cultivation**

### *Qualifications:*

- Has 5+ years' experience preferred or a Bachelor's degree in management or business administration
- Experience in creating budgets, cost management and in purchasing and invoicing
- Experience in managing teams within disparate work environments, assuring goals, deadlines and operations run smoothly without quality issues or down time
- Proficiency in technology software, desktop electronics, MS Office (Word, Excel, Outlook, PowerPoint) preferred

## **Compliance Manager**

### *Qualifications:*

- A Bachelor's degree in law or science, or 5+ years' experience preferred
- Experience in supervising, managing and monitoring compliance and/or quality assurance activities
- Experience in database management and tracking, auditing, processing and approval of controlled documentation
- Prior experience working with Standard Operating Procedures within a highly-regulated environment
- Knowledge of quality standards and Good Manufacturing Practices

## **Master Cultivator**

### *Qualifications:*

- Experience in cannabis cultivation: propagation, veg cycle, flowering harvesting, etc.
- Knowledge of diseases and pest management, as well as plant treatment options
- Proficiency in technology software, desktop electronics, and inventory tracking software preferred

## **Cultivation Manager**

### *Qualifications:*

- Bachelor's degree in biology/botany, horticulture, agriculture, or a related field is preferred
- Experience growing cannabis in a controlled environment, a greenhouse, or outdoors
- Familiar with cloning techniques and growing in several media such as coco or hydroponics
- Possesses comprehensive knowledge of marijuana strains: Sativa, Indica and Hybrids
- Adaptability and flexibility; ability to work as part of a team
- Experience recording and reporting data
- Proficiency in technology software, desktop electronics, MS Office (Word, Excel, Outlook, PowerPoint)

## **Quality Assurance Manager**

### *Qualifications:*

- Bachelor's Degree in Quality Assurance, Business or Statistics desired, or 5 years working within a prior QA role

- Experience in manufacturing or laboratory operations and controls, change management processes, regulatory affairs
- History of successful leadership, influencing, and negotiations is preferred

### **Facilities Manager**

#### *Qualifications:*

- Bachelor's degree in Electrical, Mechanical Engineering, Business, Management, Operations, or related field is required or equivalent 10 years' experience.
- Self-starter with strong technical expertise and advanced diagnostic skills
- Working knowledge and experience working with HVAC, electrical, plumbing and building control systems
- Reliable person who responds to urgent situations in a level-headed way
- Ability to think on your feet and use problem solving skills when situations arise

### **Cultivation Training Plan Framework**

Two Buds is committed to reaching out to the local and state-wide communities to select a diverse group of individuals who exhibit aptitude, a strong work ethic, and an eagerness to enter the industry. Two Buds will develop a robust internal training program to aid the professional development of cultivation employees. The following ongoing, in-house training program for cultivation staff is designed to exceed industry standards.

Prior to opening for business to the public, Two Buds will ensure all current owners, managers and marijuana establishment agents involved in the handling and sale of marijuana for adult-use at the time of licensure (and thereafter at each renewal), as applicable, will have attended and successfully completed the "responsible vendor" program prescribed by the Commission [935CMR 500.105(2)(b)(1)]. Two Buds's staff will receive a minimum of eight hours of on-going training thereafter annually. All new employees involved in the handling and sale of marijuana for adult use will also successfully complete the "responsible vendor" program within 90 days of hire [935CMR 500.105(2)(b)(2)]. In addition, Two Buds will develop a robust internal training program to aid the professional development of employees [935 CMR 500.101 (1)(c)(8)].

Two Buds' Quality Assurance Manager (QAM) will conduct regular training sessions to update staff on current regulatory developments as they occur at the local and state level. The following ongoing, in-house training program for staff is designed to exceed industry standards [935 CMR 500.105 (2)].

### **SOP Training**

In addition to the Responsible Vendor training required by the Commission, Two Buds has adopted a comprehensive in-house training plan for its employees based on the best management practices and proprietary growing methods created by Medicine Man Technologies (MMT), their selected cultivation consultant and an industry leader from Colorado.

### **Initial Training**

MMT will provide Two Buds with developed and refined cultivation SOPs through their relationship with Medicine Man Production Company and Three-a-Light, both respected Tier III

cannabis cultivators based in Denver, CO. SOPs for the safe, secure, and successful growth and management of marijuana are broken into the following key sections.

- Genetics/Plant Management: Plant acquisition (i.e., seed propagation, cloning), plant husbandry and rotation, protocols for entering plant information into the seed-to-sale tracking system, and protocols for creating labels and tracking tags assigned to each plant.
- Cultivation Process: Early, mid, and late vegetative stages, plant transfer protocols, water management, scouting, watering schedules, hand watering techniques, nutrient management, nutrient feeding schedules, flowering, pruning and topping, cleaning and maintenance, fungicide management, pesticide management, integrated pest management, and harvesting.
- Post-Harvest Process: Hand trimming, machine trimming, drying, de-stemming, batching, curing, lab testing, and waste disposal.
- Facility Management: Principles of storage, principles of labeling, nutrient management, pesticide management, principles of sanitation, and principles of recordkeeping.

An example two-week training curriculum is detailed below:

Week 1- General overview of the marijuana cultivation process.

- All week (intermittently): Trained on properly harvesting a flower system, proper hand and machine-trimming techniques – the art of trimming the plant, including single flowers, tight trim, and fan leaves. Also trained on the post-harvest drying and curing process focused primarily on quality assurance.
- Day 1: Trained on preparing nutrient mixes, learning feed schedules, physically hand feeding marijuana plants, carefully scouting each plant for afflictions or issues such as insect or other pest infestation. Physically hand feeding and watering each plant allows cultivation agents to remain proactive in regard to plant management and maintenance.
- Day 2: Trained on cleaning and disinfecting flowering rooms, potting and transplanting marijuana plants, mixing grow media, populating vegetative rooms, populating flower rooms, efficient plant transport between vegetative and flowering rooms, creating a “screen of green” by manipulating plant structure, topping early and mid-vegetative plants, and pest management protocols, including the use of pesticides.
- Day 3: Repeat of Day 1 training exercises.
- Day 4: Repeat of Day 2 training exercises, adding proper fungicide management protocols.
- Day 5: Review of Days 1 - 4 training exercises.

Week 2 - Reinforce specific lessons from Week 1 onsite training experiences; for example, if an individual cultivation agent has trouble learning proper plant cloning techniques, the individual will spend the bulk of Week 2 getting more hands on experience with the cloning process.

### **Training on Statutes and Rules**

A comprehensive understanding of the laws and regulations that govern the cannabis industry is vital in such a heavily-regulated and highly-scrutinized environment. Employees must appreciate the importance of compliance for their own safety, the safety and health of consumers and the operational success of the company.

Two Buds will ensure that all employees complete training prior to performing their assigned job functions. Training will be tailored to the roles and responsibilities of the job function of each trainee, and at a minimum will include the Responsible Vendor Program pursuant to 935 CMR 500.105(2)(b). In addition, Two Buds's staff will receive at least eight hours of on-going training annually.

### **Responsible Vendor Training**

Pursuant to 935 CMR 500.105(2)(b), on or after July 1, 2019, all of Two Buds' current owners, managers and employees that are involved in the handling and sale of marijuana for adult use at the time of licensure (or renewal) will have attended and successfully completed a responsible vendor program to be designated a "responsible vendor."

Once Two Buds is designated a "responsible vendor," all new employees involved in the handling and sale of marijuana for adult use will successfully complete the responsible vendor program within 90 days of their hire. After initial successful completion of a responsible vendor program, each owner, manager, and employee involved in the handling and sale of marijuana for adult use will successfully complete the program once every year thereafter to maintain their designation as a "responsible vendor."

### **Worker Safety Standards**

Two Buds will train all cultivation employees on personal worker safety standards, including pesticide application training covering personal protective equipment (PPE) and application guidelines, and using safety data sheets (SDS) for all substances. In addition to the training provided by the pesticide applicator program from the Massachusetts Department of Agricultural Resources (MDAR), cultivation employees will receive internal training on all SOPs they may perform. All employees will complete required training building upon the foundations from MDAR.

### **Facility Security and Crime Prevention**

Employees will be trained to observe the premises for suspicious persons or activity prior to entering the facility. The opening facility MOD will perform a complete daily walkthrough of the facility looking for potential safety hazards and security risks. Safety inspections will include looking for burned out bulbs, damaged equipment, lack of cleanliness, evidence of pests, etc. Security inspections will include looking for inoperative security lighting, damaged or inoperative security equipment, facility damage that may pose an opportunity for unauthorized entry, etc. Any concerns observed will be immediately corrected (when possible) or scheduled to be corrected.

If any suspicious activity is noted, the observing MOD will immediately notify on-duty security personnel of the potential threat prior to approaching the facility. If the person or activity is deemed to be a threat, security will notify local law enforcement. As soon the potential threat has been mitigated, the opening MOD will enter the facility and record the event in an Incident Report.

Two Buds will conduct regular security and safety drills to ensure that employees know the correct action to take in various situations. Drills will train facility employees to protect

themselves and to also observe and review the security procedures for limitations that can be improved by modifications to security systems, altering response plans, or improving employee awareness of protocols.

### **Training Documentation**

Attendance at formal training sessions will be mandatory. Training on specific SOPs, including applicable laws and regulations, will include an acknowledgement of completion signed by both the trainee and the training supervisor. Training documentation will be retained onsite as hard copies and electronic backups in each employee's personnel file, available for inspection by the Commission upon request [935 CMR 500.105(9)]. Employment contracts will specify mandatory attendance at training sessions, and employees who do not complete the required training in the specified time may have their hours and duties reduced or restricted until the training is completed. Failure to complete any required training may lead to an employee's reassignment or termination.

### **Compliance Review and Internal Audits**

Two Buds' Training Plan will incorporate audit and evaluation features that clearly show an employee's level of comprehension of an individual SOP. These assessments provide managers with instant insight into the proficiency of their staff and reveals who may require additional attention or training. This commitment to individualized training demonstrates Two Buds's dedication to effective employee education and long-term professional development, rather than simple document distribution.

Two Buds' QAM will be responsible for SOP training and implementing regularly occurring and random employee audits. Reoccurring audits will include a review of employee personnel files to ensure SOPs within their job description have been acknowledged by both the employee and their supervisor. Random audits will entail selecting an employee to demonstrate their knowledge and proficiency of an SOP from their job description. Audit activity, employee performance observations, and the steps taken to improve upon or correct inadequacies will be documented within the employee's personnel file. Managers and supervisors will be held accountable for the training of their staff as part of their own overall job performance.

### **Personnel Records**

Two Buds will maintain accurate personnel records by creating a dedicated employee file for every new hire. These records will be maintained for at least 12 months after termination of an employee's affiliation with the facility. Accordingly, all personnel records will include [935 CMR 500.105(9)(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;
- Notice of completed responsible vendor and eight-hour related duty training;
- All materials submitted to the Commission pursuant to 935 CMR 500.030(2);
- Documentation of verification of references;
- Job description or employment contract that includes duties, authority, responsibilities, qualifications, and supervision;
- Documentation of periodic performance evaluations;

- A record of any disciplinary action taken; and
- All background check reports obtained in accordance with 935 CMR 500.030.

## **Two Buds, LLC Quality Control and Testing Plan**

Two Buds has developed operating policies and procedures for quality control and testing of product for potential contaminants in compliance with 935 CMR 500.160 [935 CMR 500.105(1)(g)]. Quality control and assurance entails handling procedures, facility sanitation standard operating procedures (SOPs), facility design and layout, facility sanitation and inspections, equipment selection and maintenance, regular facility maintenance, worker sanitation, and plant handling safety. Independent testing, with MCR Labs, will guarantee that Two Buds' quality control policies and procedures are properly working to keep Two Buds' facility in compliance with laws, rules, and regulations.

### **Marijuana and Product Handling**

Two Buds will instill a culture dedicated to sanitation, safety, and quality assurance in the pursuit of producing the best quality marijuana. Two Buds will require all employees who come into direct contact with marijuana to be trained in food handling techniques and will subject them to the same requirements as any commercial kitchen staff [935 CMR 500.105(3)(b)1. and 935 CMR 500.130(2)(a)]. Specifically, staff will satisfy the requirements for food handlers specified in 105 CMR 300.000: *Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements*, which lists diseases dangerous to the public health as designated by the Department of Public Health ("the Department") and establishes reporting, surveillance, isolation and quarantine requirements. In addition, Two Buds will provide the cultivation team employees with company uniforms and a locker; employees will be required to change at the beginning and end of each shift to minimize the risk of contamination.

Quality control requires effective production control. The Quality Assurance Manager (QAM) will ensure Two Buds is maintaining facility quality control compliance and providing safe, high-quality product that meets market needs. Quality control protocols ensure that best management practices are continually adhered to and that the teams in the cultivation facility communicate effectively. Two Buds will enforce quality centric SOPs through reoccurring and randomly performed quality control inspections throughout the facility. Every cultivation team member will be trained on their unique quality control responsibilities and will be expected to uphold Two Buds' strict quality control standards in every aspect of their position. Inspections by state and local licensing and enforcement authorities will also ensure Two Buds is meeting the highest quality control standards [935 CMR 500.105(2)(b)7.e.x. and 500.300].

The QAM is responsible for ensuring facility adherence and compliance with all applicable local, state, and federal laws, rules, and regulations. The QAM performs Quality Control/Quality Assurance through all levels of the operation to ensure consistent, safe, quality and timely product for sale and delivery to other Marijuana Establishments. The QAM reports up to the General Manager and manages individual responsibilities in accordance with the company's policies and applicable laws. This position communicates compliance violations through the General Manager to the staff and maintains accurate records of all compliance checklists, production logs, visitor logs, employees, processes, vendors, shipping and receiving manifests.

The QAM will consistently attend local and state regulatory meetings to stay abreast of changes in laws, rules, and regulations. The QAM will host and lead in discussions with local and state audit representatives during scheduled and unscheduled inspections to answer questions and provide support where needed.

In addition, the QAM ensures the operational licenses and permits are kept current and renewed [935 CMR 500.103(4)]. No later than 60 calendar days prior to the expiration date, the QAM will submit a completed renewal application to the Commission in a form and manner determined by the Commission, as well as the required fee [935 CMR 500.103(4)(a)]. The QAM will submit as a component of the renewal application a report or other information demonstrating Two Buds' efforts to comply with the quality assurance plans required under 935 CMR 500.101(1) and (2). At the time of renewal, Two Buds will make available an accounting of the financial benefits accruing to the municipality as a result of the host community agreement with Two Buds for the Commission to make available on its website [935 CMR 500.103(4)(d)].

The QAM works in conjunction with the Inventory Control Manager and cultivation/harvest staff to ensure proper sample collection and testing in accordance with all applicable regulatory requirements and works with third party testing labs on shipment, manifest and reporting of samples, data derived, and proper reporting of findings [935 CMR 500.160].

The QAM will have at minimum a bachelor's degree. In addition, experience in manufacturing or laboratory operations and controls, change management processes, regulatory affairs, validation, leadership, influencing, and negotiation are preferable. The QAM will have a solid understanding of the equipment, manufacturing processes, maintenance and quality standards required to keep the facility functioning at full capacity.

Plants are reviewed for quality control throughout their entire life cycle. Through proper plant handling, contamination prevention, pest management, environmental controls, and staff training, Two Buds will create a proactive approach to quality control and reduce the potential for outbreaks or crop loss. The cultivation team will water and tend the garden by hand, allowing for sustained visual scrutiny of each individual plant. The cultivation team will perform quality control checks as they are cloning, topping, pruning, repotting, feeding, scouting and generally working with the plants. Marijuana plants can fall prey to potentially hundreds of different pests and microbial threats or outbreaks that can harm or kill them. This requires the cultivation team to continuously scout for and immediately address any issues that arise.

The Harvest Team will be responsible for performing visual quality control checks as they remove waste stems and leaves from harvested plants. As the harvested marijuana is dried and cured, final quality control checks are performed by the team and the QAM; should an issue be detected post-harvest, the potentially contaminated product will be physically segregated and tagged in the seed-to-sale tracking system as being on hold. The Cultivation Manager and QAM will decide if the contamination is clear and present, what the contamination is, and if the product requires destruction. The cultivation team will be prompted to inspect the specific room the plant was harvested from and determine if any other plants in that room are contaminated. If so, the room will be quarantined and sanitized. Contaminated items will be quarantined and destroyed according to the Two Buds' Waste Disposal Management SOPs.

### **Facility Sanitation Standard Operating Procedures (SOPs)**

Two Buds has developed facility sanitation standard operating procedures (SOPs) based on Massachusetts' regulatory guidelines in accordance with current good manufacturing practices (cGMPs) and sanitation principles to maintain an aseptic environment that ensures the safety and

integrity of the marijuana plants being cultivated within and, ultimately, dispensed to the public [935 CMR 500.105(3)(c)]. The Facilities Manager and Cultivation Manager will be responsible for the proper implementation and maintenance of Two Buds' Sanitation Plan under the oversight of the General Manager (GM).

Cleaning and sanitation are a substantial part of Two Buds' IPM protocols for prevention of both plant and non-plant pests. Pest prevention standards require zero infestation and conformity with the mandatory pest management program, permitted mitigation techniques, and recordkeeping. Two Buds will maintain good sanitary conditions to limit the potential for contaminants and pest outbreaks that may lead to contamination or adulteration of growing or harvested marijuana.

Sanitation and product handling audits may be carried out by inspectors from within the company, from an independent organization, or the Commission (at any time). Audits are based on criteria to ensure the highest standard of compliance with a specific emphasis on product handling. Cleaning activities in limited access areas will follow Two Buds' security protocol, including the supervision of staff at all times by an authorized manager under constant video surveillance.

Two Buds' facility sanitation SOPs include daily and weekly sanitation responsibilities for every position in the facility, including pest prevention, worker sanitation practices, and the proper removal of litter and waste [935 CMR 500.105(3)(b)8.]. Various sanitation SOPs will detail processes for safely handling marijuana plants through every phase of growth and production. Two Buds' SOPs also include an inspection and maintenance schedule to ensure equipment, floors, counters, walls, and ceilings are kept in good repair. Where possible, Two Buds will endeavor to contract with minority owned businesses for support and ancillary services such as maintenance and sanitation.

Two Buds will work with Medicine Man Technologies (MMT) as their cultivation consultant to develop SOPs customized to the cultivation facility and environment based upon best practices utilized in their facilities since 2009. Sanitation procedures will address the unique aspects of sanitizing, inspecting, and maintaining equipment and surfaces that come into contact with marijuana. Sanitation forms and logs will detail the steps taken by internal staff to prevent contamination, clutter, infestation from insects, rodents, birds, or other pests, microbial or pathogenic outbreaks.

### **Facility Inspections**

The opening manager will perform a daily walkthrough of the entire facility to look for potential safety and sanitation hazards. These inspections will include looking for burned out bulbs, damaged equipment, evidence of pests, and lack of cleanliness. Any concerns will be immediately corrected or scheduled to be corrected.

Two Buds' integrated pest management plan includes weekly exterior facility inspections conducted by the Facilities Manager to identify potential habitats and food sources, gaps in doors or windows, inadequate screening, mowing, or other maintenance needed to prevent attracting rodents, insects and other pests.

Pursuant to 935 CMR 500.300, the Commission or its agents may inspect Two Buds' facility and affiliated vehicles (if applicable) at any time without prior notice to determine and enforce compliance with St. 3026, c. 334, as amended by St. 2017, c 55 and 935 CMR 500.300. Accordingly, all areas of the Two Buds' facility including agents, activities, and all records may be subject to inspection. Two Buds' acceptance of a license constitutes consent [935 CMR 500.300(1)]. The QAM will maintain and update a comprehensive compliance binder (or software) to keep the facility current with applicable laws and regulations. The QAM will then educate all personnel including owners and management on regulatory changes and compliance.

### **Facility Design**

The cultivation facility will be designed to reduce the risk of contamination using special construction materials, equipment selection, and environmental controls. Building materials used for internal surfaces, such as walls, floors and work surfaces, will be conducive to sanitation and maintenance.

Two Buds' facility design will ensure that:

- Interior/exterior room surfaces (walls, floors, and ceilings) are constructed of aluminum fiberglass reinforced paneling (e.g., NUDO or equivalent) and other antimicrobial materials that are resistant to high-moisture, impacts, and fire, and that are durable, smooth, free from cracks and holes, and won't shed particulate matter.
- Organic-surface materials (e.g., wood) for framing and walls will be limited to mitigate the risk of harboring pests and other pathogens, and to prevent deterioration under high moisture conditions.
- Interior work surfaces, including mechanical gear, tables, racks and fixtures, will be manufactured of aluminum or stainless steel which that will be easy to clean and maintain free of contaminants.
- STULZ Cyberone HVAC units (or similar suitable substitutes) for all plant work areas and vegetative, flowering, dry and cure rooms that will manage temperature, humidity, and CO2 levels to temper the rooms and create an exceptionally clean environment. The units are also capable of providing electrostatic and UVC filtration to further mitigate airborne pests and pathogens within the facility.
- Electrical pipe work, HVAC ducting, lighting fixtures, hoods, tables fixtures and ventilation points will be easy to clean and maintain in accordance with their manufacturer recommending schedules.

Water will be sourced from municipal or private suppliers capable of providing safe, potable, and adequate volumes of water to meet the facility's needs. [935 CMR 500.105(3)(b)11.] 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 and will properly convey sewage and disposable liquid-waste from the facility. Drains will be sized adequately and will have trapped gullies. There will be no cross-connections between the potable and wastewater lines [935 CMR 500.105(3)(b)12.]. Readily accessible restrooms will be maintained for visitors and employees in a sanitary condition and in good repair [935 CMR 500.105 (3)(b)13.].

### **Facility Layout**

Defining clear production areas and delineating limited-access areas is important to keeping the facility clean, secure, and running efficiently in compliance with all applicable laws. Rows will be kept clear of obstructions for ease of egress in case of emergency. Adequate safety lighting will be installed in all areas where marijuana is stored and where utensils or equipment are cleaned [935 CMR 500.105(3)(b)7.]. Sufficient space will be included for the placement of equipment and storage of materials to maintain sanitary, free-flowing conditions for marijuana cultivation [935 CMR 500.105(3)(b)4.]. The Facilities Manager and the Cultivation Team will ensure that spills and any debris are quickly cleaned to prevent slipping, injury, or dropping plants while in transport. Clutter will be removed from all access ways and corridors to prevent accidents.

### **Equipment Selection and Maintenance**

All equipment will be maintained and sanitized in each operating unit at appropriate intervals to prevent malfunctions or contamination that would alter the safety, identity, strength, quality or purity of the finished marijuana [935 CMR 500.105(3)(b)(9)]. Two Buds will maintain an Equipment Log for each piece of equipment. The Equipment Log will document equipment related events such as validation and qualification work, inspection results, calibrations, equipment cleaning, preventive maintenance and repairs, and unexpected events. Logs will contain the dates, times and employee ID number(s) for each recorded event. A master list of instruments and specific requirements will be kept in an Equipment Log binder, maintained onsite in hard copy form and backed up electronically.

Equipment will be inspected and maintained regularly per the manufacturer's instructions and schedule, including calibration of scales to ensure accuracy. Visual inspections will be conducted prior to and at the completion of any cultivation activities and maintenance, including cleaning and sanitizing. An overall equipment inspection schedule will be completed monthly by the Facilities Manager in addition to the daily checks by cultivation agents.

Equipment selection will be based on the following:

- User-friendly;
- Easy to repair and maintain;
- Designed and installed in an area where it can be easily cleaned;
- Not reactive, additive or absorptive; and
- Calibrated at defined intervals.

### **Regular Facility Maintenance**

Cultivation agents will conduct daily inspections prior to commencing work and will maintain sanitary conditions throughout their shift, keeping surfaces free of debris and dust including any dead or unusable plant parts from the cultivation and storage areas [935 CMR 500.105(11)]. All equipment, floors, and counters will be sanitized daily. Work surfaces and any equipment that comes into contact with marijuana will also be cleaned after each use and between different harvest batches. The facility will use food-grade quality shelving, equipment, counters and surfaces (including floors, walls, and ceilings) so designed and of such material and workmanship as to be capable of being adequately cleaned and will not react adversely with any solvent being used [935 CMR 500.105(3)(a)4.; 500.105(3)(b)6. and 500.105(3)(b)9.].

All cleaning activities will be documented by cultivation agents on cleaning logs as they are completed.

Cultivation rooms will receive a thorough deep cleaning of all tables, lights, racks, fixtures, walls, and ceilings and will be sterilized after each harvest to protect against contamination. Staff will also receive guidance on the use of sticky mats, hydrogen peroxide/isopropyl alcohol, dust traps, daily HVAC inspections, and ultraviolet light when entering and leaving cultivation rooms.

The storage and transport of marijuana will be conducted under conditions that protect against physical, chemical, and microbial contamination as well as against deterioration of any container or its contents [935 CMR 500.105(3)(b)14-15.].

The cultivation facility will have a dedicated, locked room or closet for storage of toxic cleaning compounds, sanitizing agents, solvents, and chemicals. Employees will only use cleaning solutions registered with the United States Environmental Protection Agency (EPA) for use around vegetables, fruit, or medicinal plants in accordance with the instructions printed on the label [935 CMR 500.105(3)(b)9.]. Refillable spray bottles used for cleaners or other fluids will be clearly labeled to indicate their contents to prevent misuse or accidental ingestion. Stored sanitizing and cleaning solutions, solvents and pesticide chemicals will be physically segregated from cultivation rooms to prevent contamination of marijuana [935 CMR 500.105(3)(b)10.]. Containers will be stored with labels facing out and good FIFO protocols in place. Hard copies of the SDS for all hazardous chemicals to which employees may be exposed will be readily available in each chemical storage area in a designated SDS binder. Employees will be required to read the SDS for every chemical they use.

All solid waste (every day refuse such as paper, cardboard, and other common materials) will be kept in solid waste receptacles located at various sites throughout the facility. These waste receptacles will remain covered and emptied daily to minimize odors and reduce the potential for attracting pests by creating harborage or breeding grounds [935 CMR 500.105(3)(b)5.]. Any operating systems for waste disposal will be maintained pursuant to 935 CMR 500.105(12).

### **Worker Sanitation**

Marijuana plants must be handled and stored in a manner that prevents the growth of pathogenic microorganisms or the formation of toxins. Every employee whose job entails contact with marijuana, including cultivation, production, and packaging, will conform to FDA GMPs for food handlers in accordance with 21 CFR 110.10 and 105 CMR 300.000: *Reportable Diseases, Surveillance, and Isolation and Quarantine Requirements* [935 CMR 500.105(3)(b)1.]. In addition to receiving in-house training on sanitation SOPs, Two Buds will require employees to complete a ServSafe® certification program from a certified instructor within the first 30 days of employment. ServSafe is a nationally recognized food safety training program that is mandated in several states for all employees engaged in the production of food items. The ServSafe program blends the latest FDA Food Code, food safety research and years of food sanitation training experience. Two Buds' employees and managers will learn to implement essential product handling practices and work in a culture that promotes product safety.

The ServSafe program can be customized for professionals in the marijuana industry and includes the following topics, which relate to the cultivation and handling of marijuana:

- Maintaining adequate personal cleanliness. [935 CMR 500.105(3)(b)2.a.]
- When and how to wash hands, including washing hands after meals, using the restroom, smoking cigarettes, using smokeless tobacco, touching bare human skin, or any other activity which may have soiled them. [935 CMR 500.105(3)(b)2.b.]
- Proper use of single-use sanitary items, such as disposable sanitary gloves, hairnets, mouth covers, and how often to change said single-use items. Gloves will be made of an impermeable material for use in handling plant components, maintained in an intact, clean, and sanitary condition.
- Sanitization, including the proper use of sanitizer in a 3-compartment sink, sanitizing contact surfaces, and sanitization of utensils.
- The proper storage of ingredients, including keeping storage areas free of cleaners or other potential contaminants in close proximity to prep areas.
- Keeping prep areas free of employee food or beverages.
- Proper waste management practices, including the use of covered waste receptacles, daily removal of waste, and proper disposal methods.

Employees will not eat food, chew gum, drink beverages, or use tobacco products in cultivation or packaging areas, or where plant components, packaging components, or any contact surfaces are exposed or washed. Employees will also take other precautions necessary to protect plant components, packaging, marijuana, or contact surfaces from toxins, microorganism, or other extraneous materials including perspiration, hair, cosmetics, tobacco, chemicals, and medicines applied to the skin.

All employees will wear company-issued, disinfected uniforms (e.g. scrubs) in a manner that protects against the contamination of plant components, packaging, marijuana, or any contact surface. This will include the use of appropriate hairnets, caps, ear covers, or other effective hair restraints. Employees will remove all unsecured jewelry and other objects that might fall into marijuana, equipment, or packaging, and remove hand jewelry that cannot be adequately cleaned during periods in which these components are manipulated by hand. If hand jewelry cannot be removed, it must be covered by material that effectively protects against contamination.

Workers will wash their hands prior to starting work, prior to engaging in cultivation activities, and any time they contact a potential contaminant. The cultivation facility will be designed to provide easy access to sanitizing stations with cleaning agents. Adequate hand washing stations that supply nontoxic sanitizing cleaners and a sanitary towel service or suitable hand drying devices will be in convenient, clearly marked locations throughout the building [935 CMR 500.105(3)(b)3.]. The water temperature at these stations will be at least 100°F, but will not exceed 110°F.

Additionally, any person who, by medical examination or supervisory observation, is shown to have, or appears to have, an illness, open lesion, including boils, sores, or infected wounds, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with marijuana will be excluded from any operations which may be expected to result in such contamination until the condition is corrected.

### **Plant Handling Safety**

While handling plants (including seeds, clones, mother plant genetics, vegetative and flowering plants), whether repotting, moving from one room to another, topping, pruning, feeding, harvesting, trimming, drying, curing or storage, all employees will wear appropriate uniforms and suitable personal protective equipment (PPE) such as nitrile gloves. Employees will be required to wear scrubs and hair nets in addition to clean clothes and shoes. Employees will be asked to keep their shoes at work to further prevent outside contamination. Walking from one room to another will require either a change in uniform or disinfectant spray down to prevent cross contamination between crops. Access to contaminated areas will be strictly limited in the event of an outbreak.

### **Marijuana Testing Policies and Sample Collection Procedures**

In addition to serving as the tracking mechanism for marijuana through the seed-to-sale tracking system, labels and tags will be designed to communicate everything that has occurred within each production batch to licensed partners. Comprehensive internal labeling standards and checklists will ensure labels properly display all required information needed by licensed partners. This information will include residual moisture content, plant weights, cultivation time, strain profile, cannabinoid profiles, terpene profiles, nutrients and other crop inputs such as pesticides and fertilizers, and metals. Collectively, this information will aid the licensed partners in the creation of marijuana products at their facilities.

As marijuana plants are harvested, trimmed, dried, and cured, they are aggregated into a harvest batch. After the QAM determines the batch has been properly cured by passing all internal quality control checks, the QAM will contact a licensed testing laboratory and arrange for transport of samples of each harvest batch for required testing [935 CMR 500.160].

Two Buds will collect representative samples of each marijuana production batch to provide to an analytical laboratory. Samples collected for a production batch will be representative of all of the marijuana in the batch. According to the *Protocol for Sampling and Analysis of Finished Medical Marijuana Products and Marijuana-infused Products*, as amended in November 2016, a production Batch is a batch of finished plant material, cannabis resin, cannabis concentrate, or MIP made at the same time, using the same methods, equipment, and ingredients.

To perform required testing, Two Buds will collect samples to be analyzed by an independent and appropriately certified laboratory. The amounts of sample required for cannabinoid or contaminant testing may vary by analytical method and laboratory-specific procedures. Two Buds will, therefore, confer with the selected laboratory to determine the minimum sample size required for evaluation.

Samples from each production batch will be collected in a ready-to-use condition (i.e., ready for packaging or post-packaging). For other production batches, ready-to use means ready for use as an intermediate or ingredient in making other products. After samples are collected, the entire production batch will be quarantined in a secure, cool, and dry location until the analytical results are returned by the laboratory.

Two Buds will collect duplicate samples to provide verification of sampling and laboratory procedures. Duplicates will be collected for at least 5 percent (1 per 20) of the samples collected for each marijuana product type. Duplicate samples will not be identified to the laboratory to provide blind-test quality controls. Duplicate samples will be used to evaluate any variance in the sampling and analysis procedures. To ensure authenticity, samples will be taken on the same day, be derived from the same batch, and will be documented on a test results tracking sheet.

Two Buds will collect samples in a manner that provides analytically sound and representative examples so that all of Two Buds' dispensed marijuana products are safe, effective, and accurately labeled. Two Buds will document every sampling event and provide this documentation to the Department upon request.

Two Buds will implement production batch tracking to ensure representative sample collection and analysis of tested batches. Two Buds will be able to demonstrate to inspectors that the production tracking, sampling, and analysis procedures are capable of obtaining representative samples.

Two Buds' Quality Assurance Manager (QAM) will take responsibility for preparing samples for testing. The QAM will assemble all the equipment and information needed before beginning the sampling process. Tools used to contact the samples will be clean and made of stainless-steel or other inert material to avoid potential contamination of the sample. Appropriate sample containers will be made of suitable materials. Items to assemble before sampling include, but are not limited to, the following [MMJ\_PR\_3.0\_020516 (6)]:

- Sample collection plan for each product type (compiled in coordination with the testing lab);
- Logbook or sample collection forms;
- Chain-of-custody forms (COCs);
- Disposable gloves;
- Decontaminated tool(s), such as a spatula, knife, sampling spear, or pipette;
- Stainless steel bowl and implement to homogenize the product (e.g., by stirring, chopping, or grinding);
- Clean, decontaminated surface for sample processing;
- Sample containers appropriate for the analyses required;
- Container labels and pen with indelible ink;
- Supplies to thoroughly clean, decontaminated and dry sampling equipment between samples; and
- A cooler with ice to keep samples cool until refrigeration or shipment to the laboratory.

The QAM will create a new entry for each sampling event in a sample collection logbook or prepare sample collection forms for documentation of sample collection. Sample collection documentation will identify the sample collection date and start time, participating personnel, a general description of the product type and batch number sampled, a description of the sampling procedures used, and a record of batches that would potentially be impacted should analysis results indicate unacceptable contamination levels.

The QAM will identify or determine the cultivation batch number, production batch, and number of samples to be collected. The number of samples taken from each cultivation batch will be recorded in the sample collection logbook or forms. The QAM will record the sample cultivation and production batch identifiers (ID) for each sample. The batch IDs will be included on sample labels. In addition to the batch ID, the QAM will create a unique sample ID for each sample. Sample identifiers will be unique for a given sample event. The QAM will record the batch and sample IDs in the sample collection logbook.

The QAM will prepare sample labels and affixing them to sample containers immediately before sampling. Information included on the label will include at a minimum the name of the person preparing the sample, the batch and sample IDs, and the date/time of collection. Additional information to be recorded in documentation, if not on the label, will include the sample collector's name, product type, collection method, and other details about the product, such as MIP type or production method.

The QAM will collect the planned samples from each cultivation or production batch one at a time, following these basic steps for each sample [MMJ\_PR\_3.0\_020516 (6)]:

- Wear disposable gloves to mitigate potential for contamination of samples.
- Ensure that the sampling area is clean and decontaminated and lay out any tools and equipment needed.
- Collect the sample using an appropriate tool. Do not touch the sample with your hands or allow the sample to touch anything that might cause cross contamination.
- If necessary, place the sample in the stainless-steel bowl or on a decontaminated cutting surface for homogenizing the sample using either the sample collection tool or separate clean, decontaminated implement.
- Record the time each sample was collected and record any difficulties, inconsistencies with the sampling plan, or other remarks (e.g., environmental conditions) that might be relevant to data analysis or quality assurance.
- To avoid cross contamination of samples, any tools or equipment that comes in contact with the finished plant material or other marijuana products should be cleaned before collecting the next sample.
- All samples should be placed in clean, airtight sample containers that are large enough to hold the prescribed sample quantity with minimal headspace. Sample containers will be firmly closed and appropriately labeled.
- To preserve the chemical and biological composition of the samples, they should be refrigerated or maintained on ice until shipped to the analytical laboratory.
- Chain-of-custody paperwork should be completed immediately prior to shipment to the analytical laboratory.

The transport of any samples will conform to Two Buds' transportation SOPs and 935 CMR 500.105(13) [935 CMR 500.160(6)]. Laboratory testing information will confirm the product safety, cannabinoid profile, terpene profiles, and any additional Commission mandated testing results.

All packaged marijuana at the facility will be stored under quarantine until the completion of required laboratory testing [935 CMR 500.160]. Each harvest batch will be easily distinguishable from other harvest batches until it is broken down into packages. No marijuana will be sold by Two Buds that is not capable of being tested by, or prior receiving a passing designation from, an

Independent Testing Laboratory [935 CMR 500.105(8)(f); 500.120(6); 500.160(1); and 500.160(9)].

### **Test Results**

Depending on the outcome of the analysis, Two Buds may need to take action to address unacceptable levels of contamination or to perform follow-up investigation. If an analysis fails to meet all applicable data quality objective (DQOs), then the finished marijuana product or MIP cannot be dispensed. In this case, the production batch will be resampled for follow-up testing. A production batch may be retested once. Two Buds will retain records of the original analysis. If applicable DQOs are not met, the production batch cannot be dispensed to consumers or used in the production of MIPs.

If a batch of finished plant material fails to meet a metal or a bacteria/fungi/mycotoxin standard the finished plant material will not be dispensed to consumers as finished marijuana. It may, instead, be sold to a licensed processing marijuana establishment to be used to derive finished marijuana products (e.g., resins, concentrates). Conversely, depending on the quality of the tested material, the batch may be destroyed and properly disposed of according to Two Buds' Waste Disposal SOPs.

If a batch of finished plant material fails to meet a pesticide residue or plant growth regulator limit it will not be dispensed to consumers or used to derive other products. The batch may be retested once. If the batch fails the retest, it will likewise be destroyed.

Upon the receipt of laboratory test results marijuana items will be inspected by the QAM prior to distribution and warehoused in an approved released-product storage area under appropriate environmental conditions consistent with its shelf life specifications and labeling. Once laboratory test results for a harvest batch are returned, they will be entered into the seed-to-sale tracking system by the QAM, where the harvest batch information and associated test results are then transferred to the harvest batch label.

Laboratory results that indicate contaminant levels are above acceptable limits established in the Department of Public Health protocols identified in 935 CMR 500.160 will be promptly addressed. Two Buds will notify the Commission within 72-hours of any laboratory testing results indicating that the contamination cannot be remediated and disposing of the affected production batch is warranted [935 CMR 500.160(2)]. Notification to the Commission will come from the Independent Testing Laboratory, separately and directly. Two Buds' notification will describe a proposed plan of action for both the destruction of the contaminated product and the assessment of the source of contamination. Two Buds will maintain the results of all testing for no less than one year [935 CMR 500.160(3)].

The QAM will record the batch number for each sample taken, along with the date, the time, and the name and employee ID of the employee collecting the samples. For each harvest batch, Two Buds will also retain samples at the facility of sufficient volume for comparative purposes or any additional tests that may be required for one year past the harvest batch date. Once selected, the collected sample information will be recorded to ensure accurate counts within the seed-to-sale tracking system.

Should the Independent Testing Laboratory return any excess marijuana from testing samples, it will be immediately designated for disposal in compliance with 935 CMR 500.105(12) [935 CMR 500.160(8)].

The testing laboratory will issue a report of results that includes potency, homogeneity, and contamination when all tests have been completed for a batch sample; this report will include cannabinoid potency (THC, THCA, CBD and CBDA), microbial contaminants, mycotoxins, moisture content, foreign matter contamination, heavy metals (arsenic, cadmium, lead and mercury), and pesticide and fertilizer residue. All application of pesticides will be performed in compliance with M.G.L. c. 132B and the regulations promulgated at 333 CMR 2.00 through 333 CMR 14.00. Two Buds understands that any testing results indicating noncompliance will be immediately reported to the Commission, who may refer the result to the Massachusetts Department of Agricultural Resources [935 CMR 500.120(5)].

The QAM will review the laboratory quality assurance test results to determine if the batch meets Two Buds' strict quality control standards. As laboratory testing results for the batch are received, such as cannabinoid profile, terpene profile, and any other information required by the Commission, they will be entered in the seed-to-sale tracking system. Upon approval, the associated harvest batch may proceed to packaging, where any marijuana labeling will include a statement and a seal certifying that the product has been tested for contaminants, that there were no adverse findings, and the date of testing in accordance with M.G.L. c. 94G, § 15; [935 CMR 500.120(5)(a)6.]

### **Sampling and Analysis of Environmental Media**

Pursuant to 935 CMR 500.160 (1), Two Buds will sample its grow medium according to the *Protocol for Sampling and Analysis of Environmental Media for Massachusetts Registered Medical Marijuana Dispensaries*.

Sampling and analysis requirements for growing media used in Two Buds' marijuana cultivation process include solid but non-soil growing media and water from public water supply (PWS) (or non-PWS sources, such as private wells, as applicable).

Two Buds will ensure and be able to demonstrate to inspectors, that samples accurately represent facility cultivation conditions and that analysis results accurately determine potential contaminants in all media used. Sampling and analyses are subject to inspection, review, and independent confirmation by inspectors according to the Department's inspection guidelines and regulations.

### **Solid Growing Media**

Solid growing media include all soils including soil amendments or other solid materials used as a substrate for cultivation. Massachusetts regulations state that soil for marijuana cultivation must meet the ATSDR Environmental Media Evaluation Guidelines (EMEG) for residential soil levels and also limits any pesticide residues. EMEG values have been determined for a number of contaminants of concern. Pesticides not permitted for use in organic agriculture are also prohibited for use in the cultivation of marijuana according to the regulations under 935 CMR 500.160(1) and 105 CMR 725.105(B)(1)(d)].

Additionally, soils and solid growing media will be sampled and analyzed prior to use at the facility for the cultivation of marijuana, and at least annually, and within the quarter if amended. Specifically:

- All source soils or solids will be sampled and analyzed prior to use in the cultivation and whenever new soils or solids are received from a different source.
- Solid materials such as clay, rock wool, and vermiculite or other non-soil enhancements will be sampled and analyzed prior to being used at the facility for cultivation of marijuana and whenever received from a different source.
- All cultivation soils used in beds or containers to actively cultivate marijuana will be sampled and analyzed annually.
- In cases where cultivation soils (or other solid growing media) are amended with additional solid materials (excluding water and nutrient fertilizers), sampling and analysis will take place in the quarter during which the soil was amended.

#### Water

Water used in marijuana cultivation generally requires analysis, however the frequency and sampling and analysis requirements are determined based on whether the water source is from a public water source (PWS) already subjected to testing requirements and whether the cultivation approach relies on hydroponics. Water derived from a PWS and used in soil or solid growing media cultivation of marijuana is exempted from sampling and analysis requirements.

#### Solid Growing Media

Sources of solid growing media including soils will be sampled and analyzed prior to use in the cultivation facility and, upon any change in the source of solids. Once cleared for use in cultivation, the soils will be sampled and analyzed at least annually and within any quarter that the soils are amended. The spatial distribution of samples will be considered to ensure representativeness across the entire cultivation operation.

#### Minimum Sampling and Analysis Frequency for Source Soils and Solids:

- All source soils and solids will be sampled and analyzed prior to use in Two Buds' cultivation.
- All source soils and solids will be sampled and analyzed whenever Two Buds utilizes a new source material (e.g., different source soil location or different source solid manufacturer).
- All source soils and solids for initial use will be sampled at the rate of one (1) sample per cubic yard of solid media/soil.
- Source soils and solids passing initial testing requirements may be stockpiled for later use without requiring re-analysis unless the stockpile has been contaminated or altered while stored. Situations for re-analysis may include but are not limited to soils that have been amended, mixed with other source soils/solids, subject to pesticide application, used for other purposes, or inundated by flood waters.

#### Cultivation Soils or Solids

- All cultivation soils and solid materials will be analyzed at least annually during the calendar year of use. Solids tested initially as source soils or solids prior to use in cultivation do not require retesting until the following year (or quarter if amended as described below).

- If amended, the solid growing media/soil used in cultivation will be sampled and analyzed during the quarter in which it was amended. Soil amendment includes any material added to a soil, including other soils, to improve its physical properties, such as water retention, permeability, water infiltration, drainage, aeration and structure. Soil amendment does not include the addition of water or fertilizers added solely for nutrient purposes. Materials such as compost or manure that is added for both nutrients and to change the character of the soil and that are added in bulk are considered soil amendments for the purpose of this protocol. Application of soil amendments must be consistent with all requirements of 935 CMR 500.000.
- For cultivation that utilizes beds or other broad area cultivation, solid growing media/soil samples will be collected at the rate of 1 sample per discrete cultivation unit or at least 1 sample per 100 square feet of soil area for larger discrete cultivation units.
- For cultivation that utilizes individual plant containers (as opposed to beds or in-ground cultivation), solid growing media/soil samples will be collected from a minimum of 5-percent of the total number of growing containers.
- A diagram of the cultivation area, the sampling design, and the horizontal and vertical location of each sample will be created for each sampling event and maintained on file for review by inspection authorities.
- Solid growing media samples will be collected to be representative of the horizontal and vertical conditions of the growing configuration.
- When collected prior to distribution among beds or containers, source soil or solids samples will be taken to best represent the overall source soils (e.g., collected from different areas and depths of a stockpile).
- Cultivation soil and solid samples will be collected to represent the broad range of cultivation units, growth stages, and soil and solid types whether from beds or containers.

#### Quality Control (QC) Samples

Field duplicate samples will be collected at least annually and one (1) for every twenty (20) field samples of the solid samples collected to provide verification of field and laboratory procedures. Field duplicate samples will be collected and analyzed for each analytical method performed on the samples. Field duplicate samples will not be identified to the laboratory in order to provide blind quality controls. Blank samples are required to provide important information on potential positive bias on any positive results in field samples.

#### Sample Collection Procedures

Two Buds is responsible for performing sample collection for analysis that is compliant with regulations. All staff responsible for sample collection and sample handling must be trained in environmental sample collection. Two Buds will maintain all training records and provide them to inspectors as required. Sample collection staff must understand the sample collection plan, operation of sampling equipment, and the importance of ensuring the representativeness and integrity of the samples, documentation, and chain-of-custody requirements.

#### Collecting Samples of Soil or Solid Growing Media

The sampling methods described are generally applicable to collection of soil and solid samples for cultivation methods anticipated to be used by Two Buds. Characteristics of certain solid matrices such as cohesionless sands or non-uniformly distributed soil amendments may require adaptation for the specific situation encountered. Generally, samples will be collected from stockpiles or other sources prior to use in the cultivation or from cultivation units such as beds or

individual containers during ongoing cultivation. Solid growing media samples will be collected that are representative of the horizontal and vertical conditions of the configuration.

Prior to sample collection Two Buds will assemble the equipment and information needed to begin. Items to assemble before sampling include, but are not limited to, the following:

- Sample collection plan or diagram of locations to ensure representative sample collection
- Logbook or sample collection forms
- Chain-of-custody forms (COCs)
- Disposable gloves
- Decontaminated soil collection tool(s), such as a corer, spatula, or trowel
- Stainless steel bowl and implement to homogenize soil samples
- Clean, decontaminated plastic sheeting or other clean, non-porous surface for sample processing;
- Sample containers appropriate for the analyses required;
- Container labels and pen with indelible ink;
- Supplies to thoroughly clean, decontaminate and dry sampling equipment between samples; and
- A cooler with ice to keep samples cool until refrigeration or shipment to the laboratory.

Sample collection personnel will create a new entry for each sampling event in the sample collection logbook or prepare sample collection forms for documentation of sample collection. Sample collection documentation will identify the sample collection date and start time, participating personnel, a general description of the media and locations sampled, relevant environmental conditions, a description of the sampling procedures and equipment decontamination/cleaning used, and a record of plants or batches that would potentially be impacted should analysis results indicate unacceptable contamination.

Sample collection personnel will identify or determine the number and location of soil or other solid growing media grab samples to be collected. Sample locations from containers, beds, or other cultivation units will be recorded in the sample collection logbook or forms. The sample location identifier (location ID) for each sample is recorded so it can be used to identify the physical location of the cultivation unit. Location identifiers will be consistent across sampling events to allow tracking of repeated sample locations. The location IDs will be included on sample labels (unless the grab samples are used in a composite sample). In addition to the location ID, sample collection personnel will create a unique sample ID for each sample. Sample identifiers will be unique for a given sample event. Sample collection personnel will record the location and sample IDs in the sample collection logbook.

Sample collection personnel will use tools of stainless steel or other inert material to avoid potential contamination of the sample. Sample containers will likewise be made of suitable materials for the methods and analytes being analyzed. The sampler will avoid using insect repellents that may interfere with sample integrity.

Sample collection personnel will prepare sample labels and affix them to sample containers immediately before sampling. At minimum, the information displayed on the label will include the location and sample ID and date/time of collection. Additional information that must be recorded in documentation if not on the label includes sample collector's name, media type,

collection method, whether the sample is a grab or composite sample, and soil or core depth (if applicable).

### Sample Collection

Collect the planned samples from each sample location one at a time. Follow these basic steps for each sample:

- Don gloves to mitigate potential for contamination of samples
- Spread clean, decontaminated plastic sheeting or other nonporous surface near the sample location and lay out any tools and equipment needed.
- Clear the surface of the location if necessary excluding detritus, dead leaves, stones, pebbles, or other debris from the soil or other solid growing media with a clean trowel or similar tool.
- Collect the sample using an appropriate tool. Do not touch the sample with your hands or allow the sample to touch anything that might cause contamination.
- Place the sample in the stainless-steel bowl for homogenizing the sample using either the sample collection tool or separate clean, decontaminated implement.
- Record the time each sample was collected and record any difficulties, inconsistencies with the sampling plan, or other remarks (e.g., environmental conditions) that might be relevant to data analysis or quality assurance.
- To avoid cross contamination of samples, any tools or equipment that come in contact with the soil or growing media must be cleaned before moving to the next sampling location.
- All samples will be placed in clean, airtight sample containers that are large enough to hold the prescribed sample quantity with minimal headspace. Sample containers must be firmly closed and appropriately labeled.
- If grab samples are planned, place the homogenized sample into the appropriate container(s).
- If the sample is to be composited with other locations, repeat the above steps to collect the other individual samples to be placed into the stainless-steel bowl. Once the planned primary samples are collected, thoroughly homogenize the samples contained in the stainless-steel bowl and place the homogenized composite sample into the appropriate container(s).
- Excess soil collected but not shipped to the laboratory for testing will be returned to the cultivation area(s) where it was collected from (composite soils may be spread among the primary sample locations). It is not necessary to send the entire volume of the combined primary samples to the laboratory.
- Samples will be refrigerated or maintained on ice until shipped to the analytical laboratory.
- Chain-of-custody paperwork will be completed immediately prior to shipment.

### Sample Handling

After samples are properly collected and labeled, they will be delivered for analysis as soon as possible. This section describes how Two Buds will handle, securely store, package, and ship the samples to the laboratory.

- Sample containers both empty and once containing samples will be stored in a contaminant-free environment to the degree possible. Sample containers will not be stored for more than one (1) year.

- Preservatives and pre-preserved sample containers may degrade after several months. Contact the laboratory to verify limits on sample container use.
- All samples will be collected and stored in containers of the appropriate materials based on the analysis method being performed.
- Until the samples are analyzed, they will be preserved to minimize chemical or physical changes according to the analytical method references.
- Sample Storage.
- Samples will be refrigerated or maintained on ice (4 °C +/-2°C) until they are shipped to the analytical laboratory.
- Placing the samples in airtight containers with minimal headspace preserves samples by minimizing moisture loss and chemical exchange between the sample medium and air.
- In addition, protect the samples from excessive light exposure to minimize photochemical degradation. Samples can be protected from light by using an amber sample container, storing the samples in a closed box or other amber container, or in a dark storage location.
- To be considered valid, all samples must be analyzed prior to expiration of the technical holding time as defined in each analytical method. Note that the holding time for some biological components is very short; 24 to 48 hours from the time of collection,
- Note that all collected samples are considered under the custody of sample collection staff following collection and prior to shipment. Samples will be maintained either under the supervision of someone responsible for the integrity of the samples or locked to prevent mishandling.
- Chain of custody seals may be used by sample collection staff to ensure that samples are not tampered with following sample collection.

### Packing and Shipping Samples

Many laboratories provide specific shipping or courier instructions to follow. In the absence of specific instructions from the laboratory, Two Buds will use the following instructions, which are based on U.S. EPA (2002) guidance.

- Package the samples for shipping in a clean area free of contamination.
- Make sure that sample containers are clean, lids are tight and will not leak and that all samples are properly labeled as described above. Covering labels with clear tape is recommended for protection in the event of a leak or damage to the package.
- Conduct an inventory of sample IDs against the chain-of-custody documentation form to make sure that all samples and containers are present.
- Seal sample containers in clear plastic bags with labels visible.
- If the samples need to be kept cold during transport, pack the samples in a clean waterproof metal or hard plastic ice chest or cooler with double-bagged ice or ice packs. Samples will be maintained at 4 °C +/-2°C at all times. Be sure that the samples are already cool when packaged for shipping.
- When samples are shipped in a cooler, line the cooler with plastic (e.g., large heavy-duty garbage bag) before packing. If the cooler has an external drain, make sure it is plugged.
- Include noncombustible absorbent packing materials to protect the samples from damage.
- Enclose chain-of-custody forms and any other necessary documentation in a sealed waterproof plastic bag. If applicable, include instructions or a shipping label for return of the cooler.

- Remove the old shipping labels, if any, and seal the cooler, or other container, with strapping tape.
- Use package tracking, if available from the shipper.

## **Two Buds, LLC Record Keeping Policies and Procedures**

September 10, 2019

Two Buds will implement a record keeping plan that adheres to all the requirements set forth by the Cannabis Control Commission (Commission). These records shall be maintained in accordance with generally accepted accounting principles (GAAP). Two Buds will maintain copies of all required books, records, papers, documents, data, or other physical or electronic information necessary to fully account for each transaction conducted under its license(s). All records will be retained by Two Buds for the current year and at least the six proceeding calendar years. Records will be made available to the Commission and authorized law enforcement upon request [935 CMR 500.105(9) and 935 CMR 500.300(1)]. In the event that Two Buds, LLC ceases operations, all records shall be maintained at Two Buds, LLC's expense for at least two (2) years in a form and location acceptable to the Commission.

To ensure no loss of critical data, Two Buds intends to contract with a third-party security vendor to design and install a customized security system that includes data retention and back up for all critical electronic records. Electronic information will be stored both on-site in short term data storage, and further backed up by the security vendor at their offsite facility, creating maximum redundancy and long-term data access and security.

The General Manager (GM), supported by the Quality Assurance Manager (QAM), the Inventory Control Manager (ICM), will be responsible for proper recordkeeping implementation and the ongoing management of all records. Records will be maintained and stored to ensure that locating information can be accomplished by anyone with appropriate authorization and that documents are easily accessible for investigative purposes.

All physical records will be kept in files within a locked cabinet in a secure, limited access area with keys granted only to Two Buds' designated employees [935 CMR 500.110(4)]. These records will be scanned regularly to create an electronic database of all physical documentation.

Pursuant to 935 CMR 500.105(9) Two Buds, LLC shall maintain records including, but not limited to:

- A copy of Two Buds' Marijuana license(s) prominently displayed in the facility;
- Financial data that accounts for all transactions conducted at the facility;
- Inventory records, including transport manifests and audits
- Security alarm records including visitor logs and video surveillance records;
- Personnel records;
- Sanitation and facility maintenance records;
- Production records;
- Marijuana disposal;
- Transportation records;
- Sample testing and results;
- Theft and loss records;
- Recall and complaint records;

- **Written** Standard Operating Procedures (SOPs)

### **Electronic Records Retention**

All electronic records will be stored both onsite in short-term storage, and offsite, in long-term backup. Onsite records storage may include electronic media that is backed up daily on a secure server. The secure server will be physically located in a limited access room on the premises. In general, on site backup storage will include at least three years of historical data. Remote data storage will include all data records that are at least one year and older. Sensitive files may be password protected or stored in a password protected file storage system.

Any electronic storage system used by Two Buds will:

- Provide the confidentiality of the information stored within,
- Provide safeguards against erasures and unauthorized changes in data after the information has been entered,
- Be able to place a litigation hold or enforce a records retention hold for purposes of conducting an investigation or in relation to ongoing litigation, and
- Be reconstructable in the event of a computer malfunction or accident resulting in the destruction of the data bank.

Two Buds' files will never be stored in public internet spaces, including unsecured file storage sites. Emailing sensitive data files to anyone outside Two Buds will be strictly prohibited without the permission of the GM.

### **Standard Operating Procedures**

Two Buds has designed the SOP document recordkeeping system to operate in a consistent format across all divisions of the company for maximum organization, control, and ease of training and use. The Quality Assurance Manager (QAM) will be responsible for maintaining and updating both hardcopy and electronic versions of the SOP manual. The QAM will approve and document all SOP changes on a master change log, keeping a chronological record of all significant process changes, the reason for the change, (such as new regulations), the date the change was executed, and the QAM's initials indicating their final approval.

### **Inventory Recordkeeping**

METRC, the state-required seed-to-sale tracking system, will provide real-time tracking and accountability for all plants in the facility from seeds or clones, through each stage of the plant life cycle, to post-harvest preparation including trimming, drying, curing, batching, and packaging [935 CMR 500.105(8) and (9)]. Accountability within the system will include transaction level data that records every employee interaction with plants. This includes plant movement within the facility, nutrient feeding, pesticide application, cultivation notes, and testing results. Every action will appear on the plant history detail record with the associated time/date, user credentials, actions performed, and the status change details [935 CMR 500.105(8)(c) and (d)].

Two Buds has utilized the experience of their selected cultivation consultant, Medicine Man Technologies, to identify critical inputs into Metrc throughout the entire cultivation process, ensuring best practices are applied to accurately track marijuana inventory within the facility. Data entry access will be restricted to a limited number of employees to keep the information properly managed and limit the opportunity for unlawful diversion through manipulation of data or the software. The ICM will coordinate with the Cultivation Manager and GM to ensure individuals with approved access to Metrc are properly managing critical inputs.

Some of the identified critical inputs to the seed-to-sale tracking system are:

- Input of startup inventory, including seeds or immature marijuana plants.
- Propagating immature marijuana plants from cuttings, clipping, or seedlings.
- Transitioning immature marijuana plants into a vegetative phase.
- Transitioning vegetative phase marijuana plants into a flowering phase.
- Harvesting marijuana plants upon completion of the flowering phase.
- Changing the physical location of immature marijuana plants and marijuana plants within the facility.
- Tracking marijuana plant weights upon harvest and trim, including; total plant wet weight, flower/bud weight, trim weight, waste weight.
- Transitioning marijuana to a drying and curing phase.
- Tracking marijuana dry weight.
- Tracking marijuana that is in an active testing phase.
- Tracking finished marijuana in batch or lot form.

Pursuant to 935 CMR 500.105(8)(c) and (d), Two Buds will enter all transactions, current inventory, and other information required by the Commission into Metrc in compliance with all applicable rules and regulations. The following events will be logged in the system:

- The sale or transfer of marijuana to or from another marijuana establishment,
- The transport of marijuana to or from another marijuana establishment, and
- Disposal of marijuana.

Each of these transactions will include:

- Date of transaction or event,
- Employee identification number responsible for data entry,
- Identification number of receiving marijuana facility,
- Batch identification number, and
- Plant identification number, if applicable.

The following inventory items will be maintained in Metrc and tagged with a unique identification number assigned for each [935 CMR 500.105(8)(e)]:

- The number, weight and type of seeds (or clones);
- The number of immature marijuana plants;
- The number of marijuana plants;
- The number of marijuana products ready for sale;
- The number of damaged, defective, expired or contaminated seeds, immature marijuana plants, marijuana plants and marijuana products awaiting disposal; and

- Records of any theft, loss, or other unaccountability of any marijuana.

### **Inventory Audits**

In addition to ongoing inventory tracking in Metrc, Two Buds will implement inventory controls and procedures necessary to conduct regular and random inventory reviews and comprehensive inventory audits at the facility [935 CMR 500.105(8)(c) and (d)]. Inventory audits will be conducted by no less than two authorized employees, led by the ICM with the support of the GM and authorized cultivation agents.

Two Buds' comprehensive inventory review process will ensure that physical on-hand inventory within the facility is equal to the inventory numbers within Metrc for all seeds, immature marijuana plants (clones), mature marijuana plants, harvested marijuana, and packaged marijuana ready for sale.

Reoccurring inventory audit reports will be documented in both written and electronic forms and provided to the GM for review and filing with the Commission for compliance. Reports will include the date of the audit, a summary of the inventory audit findings, and the names, signatures, and titles or positions of the individuals who conducted the inventory audit.

Comprehensive monthly inventory audit reports will include inventory of marijuana in the process of cultivation, finished, and stored marijuana [935 CMR 500.105(8)(c)(2)]:

- The date of the inventory audit;
- The amount of marijuana on hand:
  - The total count of plants, whether in the flowering, vegetative, or clone phase of growth and organized by room in which the plants are being grown;
  - The batch number, weight, and strain name associated with each batch at the facility that has been quarantined for testing or ready for sale; and
  - The total number of plants and every unique plant identifier that have been harvested, but are not yet associated with a batch.
- The amount of marijuana sold since previous inventory, which will include:
  - The date of sale;
  - The license number and name of the facility to which the marijuana was sold; and
  - The batch number, registered product name and quantity of marijuana sold.

In addition, Two Buds will conduct a comprehensive annual inventory at least once every year after the date of the previous comprehensive inventory [935 CMR 500.105(8)(c)(3)].

### **Transport Manifest Records**

Every shipment sent from or received by the facility will be tracked in detail by an accompanying transport manifest, generated from Metrc. Prior to transporting any marijuana, manifests will be filled out in triplicate. The original manifest will remain with Two Buds; a second copy will be provided to the destination marijuana establishment upon arrival. A copy will be kept with Two Buds' agent during transportation and returned to Two Buds (or third-party marijuana transporter) upon completion of the transportation [935 CMR 500.105(13)(f)]. Two Buds will require a transport manifest to be generated in Metrc and will receive a paper

copy from the originating facility to check against the actual shipment [935 CMR 500.105(13)(f)].

Once the delivery is completed, paper transport manifests will be filed, and electronic copies backed up along with any other documents associated with the shipment. Access to manifest records will be restricted to Two Buds' management team. Filed transport manifest information will be mirrored in the point-of-sale records, allowing for quick identification and reconciliation of potential gaps during inventory and shipping audits. Two Buds will retain all transportation manifests for no less than one year and make them available to the Commission upon request [935 CMR 500.105(13)(f)5.].

Every transport manifest will contain [935 CMR 500.105(13)(f)3.]:

- Two Buds' name, address, and registration number;
- the names and registration numbers of the agents who transported the marijuana products;
- the name and registration number of the marijuana establishment agent who prepared the manifest;
- the destination Marijuana Establishment name, address, and registration number;
- a description of the marijuana products being transported, including the weight and form or type of product;
- the mileage of the transporting vehicle at departure from Two Buds' location and mileage upon arrival at destination Marijuana Establishment, as well as mileage upon return to Two Buds' facility;
- the date and time of departure from Two Buds' facility and arrival at destination Marijuana Establishment for each transportation;
- a signature line for the marijuana establishment agent who receives the marijuana products;
- the weight and inventory before departure and upon receipt;
- the date and time that the transported products were re-weighed and re-inventoried;
- the name of the marijuana establishment agent at the destination Marijuana Establishment who re-weighed and re-inventoried products; and
- the vehicle make, model, and license plate number.

### **Storage Related Records**

Storage recordkeeping will confirm that storage area environments are consistently maintained at the correct temperature and humidity and in a sanitary condition [935 CMR 500.105(11)(a)].

Recordkeeping will also track chain-of-custody, inventory quantities, and important product dates such as date of receipt, production date, and use-by date. The following are examples of recordkeeping logs that will be utilized throughout the facility:

- Temperature Logs - To document the temperature of all climate-controlled storage areas. Any deviation will be addressed and corrected immediately. Corrective action will be recorded.
- Sanitation Logs - To document daily cleaning and sanitation of areas.
- Inventory Logs - To document with direct observation and supervisor confirmation the inventory of all marijuana product at the beginning and end of every day.

### **Testing Samples & Results**

As marijuana plants are harvested, trimmed, dried, and cured, they are aggregated into a harvest batch. After the QAM determines the batch has been properly cured by passing all internal quality control checks, a representative harvest batch sample will be sent out to an independent third-party testing laboratory to determine the safety and percentage of active components of the flower.

The QAM will record the batch number for each sample taken, along with the date, the time, and the name and employee ID of the employee collecting the samples. A second sample is retained in storage, for comparative purposes, for up to one year from the harvest date. Laboratory testing information will confirm the product safety, cannabinoid profile, terpene profiles, and any additional testing results required by the Commission. Once laboratory test results for a harvest batch are returned, they will be entered into Metrc by the QAM, where the harvest batch information and associated test results are then transferred to the harvest batch label.

Two Buds will store packaged harvest batches at the facility under quarantine until the completion of required laboratory testing. Each harvest batch will be easily distinguishable from other harvest batches until it is broken down into packages. No marijuana will be sold by Two Buds prior to receiving laboratory test results for its associated harvest batch [935 CMR 500.140(9)].

Individual testing results will be entered into Metrc by the testing laboratory along with a “pass/fail” designation for each batch. The QAM will review test results upon receipt to determine if the batch meets Two Buds’ strict quality control standards and release for packaging upon approval.

### **Complaints, Returns, and Recall Records**

All records tied to complaints, returns and recall reports, including reports and press releases, will be created, filed, and reported to the Commission. Recall investigation reports conducted by the CSO of Two Buds will include:

- The reason for the recall;
- The name of the Recall Coordinator;
- The total amount of recalled marijuana, including types, forms, batches, and lots;
- The total amount of recalled marijuana returned to the cultivation facility, including types, batches and lots;
- Transport manifests for each shipment of recalled marijuana returned to the cultivation facility;
- The number of recalled samples, types, forms, batches, and lots if applicable sent to laboratories, the names addressed of the laboratories, the dates of testing and the results by sample;
- The manner of disposal of the recalled marijuana, including:
  - The name of the individual overseeing the disposal of the recalled marijuana;
  - The name of the disposal company, if applicable;
  - The method of disposal;
  - The date of disposal;
  - The amount disposed of by types, batches and lots; and
- Any other information required by the Commission.

## **Security and Surveillance Records**

Pursuant to 935 CMR 500.110(5), Two Buds will maintain professionally monitored security alarm and video surveillance systems; all records related to the alarm system, monitoring, and activity will be provided to the Commission upon request. Video surveillance and security records will be located in a limited access security room, available only to authorized personnel, including the GM, QAM, and the CSO. Within this room, security recordings and backup power devices will be further secured in a locked cabinet or closet to protect them from tampering or theft.

Secondary trip devices that operate independently of the facility's primary security alarm system will be installed in this room at critical access points to protect the room. This ensures that, in the unlikely event an intruder successfully penetrates the facility's primary alarm system, there is an additional layer of protection guarding sensitive records.

Two Buds will retain a record of all inspections, servicing, alterations, or upgrades to the security systems. A current list of employees authorized to access the security records will be maintained onsite. A dedicated log will be kept specifically for surveillance record access including:

- Current list of employees authorized to access surveillance records,
- The identities of the employee or employees responsible for monitoring the video surveillance system,
- The identity of the employee who removed the recording from the video surveillance system storage device and the time and date removed,
- The identity of the employee who destroyed any recording, and
- A maintenance log which includes:
  - Date/time
  - Name
  - Reason for service.

Two Buds will have cameras that record continuously 24 hours per day and recorded images will clearly and accurately display the time and date [935 CMR 500.110(5)(a)5.]. Two Buds will install each camera so that it is permanently mounted and in a fixed location. Each camera must be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the facility and allows for the clear and certain identification of any person, including facial features, and activities, including sales or transfers, in all areas required to be recorded under these rules.

Two Buds will secure the physical media or storage device on which surveillance recordings are stored in a manner to protect the recording from tampering or theft. Two Buds will keep surveillance recordings for a minimum of 90 days, except for in instances of investigation or inspection by the Commission, through its investigators, agents, auditors, or the state police, in which case Two Buds will retain the recordings until such time as the Commission notifies the licensee that the recordings may be destroyed [935 CMR 500.110(5)(a)4.]. Surveillance recordings of Two Buds are subject to inspection by the Commission, through its investigators, agents, auditors, or the state police, and will be kept in a manner that allows the Commission to view and obtain copies of the recordings at the facility immediately upon request. Two Buds will

also send or otherwise provide copies of the recordings to the Commission upon request within the time specified by the Commission.

### **Incident Reporting**

Incident reports will compile a record of events, witnessed by employees or recorded on the security and surveillance system, so that a chain of events leading to possible break-ins or internal theft may be identified [935 CMR 500.110(7)(a)4.]. Serious incidents associated with theft or loss will be reported to the Commission and law enforcement agencies within 24 hours pursuant to 935 CMR 500.110(7). Incident Report forms will be provided along with relevant video surveillance footage upon request.

Two Buds will maintain all documentation related to an incident that is reportable pursuant to 935 CMR 500.110(7)(a) for no less than one year or the duration of an open investigation, whichever is longer, and made available to the Commission and law enforcement authorities upon request [935 CMR 500.110(7)(c)].

### **Visitor Logs**

A facility Visitor Log will be filled out any time an authorized visitor is escorted into the cultivation facility. Every visitor will be required to provide personal and company identification in order to receive a numbered visitor's badge [935 CMR 500.110(4)(e)]. The Visitor Log will be available for inspection at all times and include:

- Name,
- Date and time in,
- Purpose for the visit,
- Employee or visitor ID badge number,
- All areas of the facility visited,
- Name of employee escorting visitor,
- Visitor signature, and
- Sign-out time.

### **Financial Records**

Two Buds' Chief Financial Officer will be responsible for the security and accuracy of all financial records maintained for the cultivation facility as detailed in Two Buds' financial maintenance policies and procedures. Transaction information regarding the sale, transfer, transport, or disposal of marijuana will also be logged in METRC, supplementing and reinforcing the information reflected in Two Buds' sales financial records.

### **Business Records**

Two Buds will maintain manual or electronic Business Records including but not limited to the following:

- Assets and liabilities;
- Monetary transactions;
- Books of accounts, including journals, ledgers, and supporting documents, agreements, checks, invoices, and vouchers;
- Sales records including the quantity, form, and cost of marijuana products; and

- Salary and wages to be paid to each employee, stipends paid to each board member, and any executive compensation, bonus, benefit, or item of value paid to any individual affiliated with Two Buds, LLC.

### **Personnel Records**

Two Buds will maintain accurate personnel records. These records will be maintained for at least 12 months after termination of an employee's affiliation with the facility. Accordingly, all personnel records will include [935 CMR 500.105(9)(d)]:

- all materials submitted to the Commission pursuant to 935 CMR 500.030(2) regarding marijuana establishment agent applications;
- documentation of verification of references;
- job descriptions for each agent, employee and volunteer position, as well as organizational charts consistent with the job descriptions;
- Personnel records for each agent, employee and volunteer;
- Staffing plans demonstrating accessible business hours and safe cultivation conditions;
- Personnel policies and procedures;
- All background check reports obtained in accordance with 935 CMR 500.030; 935 CMR 500.105 (9)
- the job description or employment contract that includes duties, authority, responsibilities, qualifications, and supervision;
- documentation of all required training, including training regarding privacy and confidentiality requirements, and the signed statement of the individual indicating the date, time, and place he or she received said training and the topics discussed, including the name and title of presenters;
- documentation of periodic performance evaluations;
- a record of any disciplinary action taken; and
- notice of completed Responsible Vendor and eight-hour related duty training.

Two Buds will maintain records on every employee documenting their Responsible Vendor training program compliance for four years and will make them available to inspection by the Commission and any other applicable licensing authority upon request during normal business hours.

### **Production Records**

The cultivation of marijuana from seed to sale is complex, technical, and involves a vast array of interdependent processes. Each stage of growing must be planned and executed in a consistent and tightly-controlled environment. As in the pharmaceutical industry, recordkeeping plays a vital role in ensuring the quality, consistency, and purity of the final marijuana product, maintaining checks and balances for the entire process that help keep the facility consistently compliant with current regulations.

Two Buds' cultivation SOPs require the creation and maintenance of meticulous records for every plant through every stage of growth, from seed or clone to packaged marijuana shipment. Production records will include thorough documentation of every interaction with the plants, including but not limited to planting, harvesting and curing, weighing, and packaging and labeling. Soil amendments, fertilizers, pesticides, nutrients or other chemicals or inputs applied

to the growing medium or plants or used in the process of growing marijuana will be tracked through inclusion in product management, pesticide application, fertilizer application, and daily inspections.

### **Equipment Maintenance Log**

In addition to daily checks and surface cleaning performed by the Maintenance Team, the Facility Manager will routinely inspect, calibrate, and check the following equipment to ensure accuracy:

- Automatic, mechanical, or electronic equipment (i.e., HVAC, Lighting, RO Filtration)
- Scales, balances, or other measurement devices used in the operation.

The Facility Manager will be responsible for recording any performed maintenance, cleaning, and calibration of equipment and will sign-off on the work upon task completion. The equipment maintenance log will include [935 CMR 500.105(9)]:

- Date,
- Time,
- Employee ID,
- Equipment location (room number/name),
- Equipment model number or description,
- Problem,
- Solution,
- Description of task performed, and
- Manager signoff.

### **HVAC Log**

Parameters for ambient conditions will be set to the precise environment and the computer system will maintain those controlled parameters. If the system detects a shift beyond the set parameters, the system will display a red light, indicating there is a problem. The system will electronically monitor, record, and store in real-time the temperature, humidity, dewpoint, CO<sub>2</sub> level, and filter status. A physical written log will be updated whenever any conditions fall outside of the acceptable parameters along with the corrective action taken. The Maintenance Team will be responsible for the daily upkeep of this log and will require the Facility Manager or General Manager to signoff upon task completion. This log will include [935 CMR 500.105(9)]:

- Date,
- Time,
- Employee ID,
- Room number,
- Equipment model number or description,
- Problem,
- Solution,
- Description of task performed, and
- Manager signoff.

### **Lighting Log**

A digital lumens light meter will be utilized weekly to measure the lumens in the light to ensure that the lamps utilized in the vegetative and flower rooms are performing at the optimal level and capacity. A light intensity meter will also be used weekly to measure the number of BTUs emitted from a lamp. This will ensure the lighting is performing to standard. If the meters detect diminished performance or lack of efficiency, the lamp or bulb will be changed out immediately. The lighting log will be accessible inside each cultivation room on the wall. The Maintenance Team will be responsible for maintaining this log daily and will require Maintenance Manager signoff upon task completion. This log will include [935 CMR 500.105(9)]:

- Date,
- Time,
- Employee ID,
- Room number,
- Lighting fixture number,
- Lumens reading,
- Light intensity reading,
- Problem,
- Solution,
- Description of task performed, and
- Manager signoff.

### **Sanitation Log**

The Maintenance Team will be responsible for maintaining sanitation logs and will require Facilities Manager signoff upon task completion. The log will contain [935 CMR 500.105(9)]:

- Date,
- Time,
- Employee ID,
- Product name and EPA Registration Number,
- Room number or location description,
- Quantity used,
- Description of task performed, and
- Maintenance Manager signoff.

### **Pesticide, Fertilizer and Chemical Applications Log**

Two Buds will maintain accurate records concerning pests and pathogens and the measures taken to control them. Two Buds will utilize preventive plant scouting to maintain a high level of sanitation. However, should the need arise, Two Buds will only utilize approved pesticides, miticides, herbicides and fungicides. SDS sheets and copies of original labels will be maintained for each agricultural chemical. Each application or usage will be recorded in the appropriate pesticide, fertilizer, or chemical application log.

Applications of all pesticide, fertilizer, or other agricultural chemicals performed during any stage of cultivation will be performed according to Two Buds' Integrated Pest Management Plan. Every application will be documented on the appropriate Application Log and will include [935 CMR 500.105(9)]:

- Date and time of application;
- Stage of the cultivation process;
- Date when the plants in the application area were moved to the flowering stage, if applicable;
- United States Environmental Protection Agency (EPA) registration number, if applicable;
- Analysis of the fertilizer applied;
- Application site, which will be identified by the location legend maintained by the cultivator;
- Name of the product being applied;
- Batch number(s) for the plants receiving the application;
- Size of the application area;
- Name of the individual making the application;
- Total amount applied;
- Dosage or rate of application;
- Applicator permit number or certification number, if applicable; and
- Comments or special conditions related to the application.

### **Waste Disposal Log**

All disposal activities will be recorded in Metrc and manual logs to maintain accurate and comprehensive records regarding waste material that accounts for and reconciles all activity related to the disposal of marijuana. The facility will utilize Metrc to ensure its green waste materials are identified, weighed and tracked while on the premises until disposed of.

A separate written record will be created on the Waste Disposal Log and entered into Metrc every time the disposal process happens. This log will include [935 CMR 500.105(9)(f); 935 CMR 500.105(12)]:

- The date and time of the disposal,
- The manner of the disposal,
- The volume and weight of the approved solid waste media used to render the marijuana unusable,
- The batch number(s) associated with the marijuana scheduled for destruction,
- The reasoning for and description of the disposal, and
- The signature of the authorized employee(s) overseeing the disposal of the marijuana.

## **Two Buds, LLC**

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

Two Buds will implement policies and standard operating procedures to restrict access to the facility to persons under the age of 21, in compliance with both 935 CMR 500.105(1)(o) and 500.110(1)(a). Two Buds will adhere to these regulations and have operating procedures within both - Security and building access protocols, as detailed below.

#### **Two Buds security protocol to limit under age visitors**

Upon entry into the premises vestibule, Two Buds' security personnel will immediately ask for and inspect the individual's proof of identification and determine the individual's age. When an individual is found to be under the age of 21, they will be asked to leave the premises as they are under age as per state regulations CMR 500.140(2). If necessary, the individual will be escorted out of the building.

#### **Two Buds access points to enter the building**

There are two doors for visitor egress into Two Buds facility in Rockland. The front door, which enters into the Retail facility on the south side of the building, will have a small vestibule staffed by a security officer assigned with receiving visitors. Once the individual ID is inspected and scanned and it is realized that the visitor is under the age of 21, they will immediately be asked to leave the retail facility as per state regulations. If necessary, the individual will be escorted out of the building.

The back door on the north side of the building, which is the employee entrance of Two Buds, will always be locked and ingress will be controlled by means of access code entered into a keypad along with a swipe card. Each regular employee of Two Buds will have a unique access code, allowing them to enter. Visitors and vendors will need to ring the doorbell. Visitor will be buzzed into the vestibule where again, a security officer will immediately ask for and inspect the individual's proof of identification and determine the individual's age. When an individual is found to be under the age of 21, they will be asked to leave the premises as they are under age as per state regulations CMR 500.140(2). If necessary, the individual will be escorted out of the building.

**Two Buds, LLC**  
**Plan to Positively Impact Areas**  
**of Disproportionate Impact, September 10, 2019**

On February 25, 2019 the Cannabis Control Commission (“CCC”) revised the guidance for the Plan to Positively Impact Areas of Disproportionate Impact for ME’s in Massachusetts. The goals, programs, and measurements for the positive impact plans are summarized below. Two Buds, LLC has applied for 3 Marijuana Establishment licenses for Rockland and acknowledges, is aware, and will adhere to, the requirements set forth in 935 CMR 500.105(4) (detailed information on Marketing, Branding, and Advertising permitted and prohibited practices). In addition, all actions and programs instituted at Two Buds, LLC will not violate the CCC’s limitations on ownership or control or other applicable state laws. This Positive Impact Plan is identical for all 3 Two Buds applications under review at the CCC. There are no other cannabis applications or licenses other than the 3, (MCN 281702, MPN 281506, MRN 281959) owned, controlled, or managed by Two Buds under any circumstances in Massachusetts or elsewhere.

The Plan to Positively Impact Areas of Disproportionate Impact (“Plan”) includes three (3) discrete sub-plans: **(1) Pro Bono Legal Services; (2) Quarterly Startup Workshops; (3) Employment Opportunities to Reduce Barriers to Access the Cannabis Industry.** In accordance with the CCC’s guidance, the Purposed, Goals, Programs, and Metrics for each are laid out for each sub-plan.

**I. Target Areas and Populations**

Two Buds, LLC will focus its programming efforts on areas of disproportionate impact closely surrounding its premises in Rockland, MA—including Abington, Braintree, Brockton, Randolph, and Quincy—as well as the Mission Hill neighborhoods in Boston.

Two Buds, LLC will target its programming efforts on past and present residents of the above-noted areas, given particular attention to those residents with non-violent cannabis offenses.

**II. Pro Bono Legal Services**

1. **Goal:** Two Buds, LLC’s General Counsel shall provide at least ten (10) hours of billable pro bono legal services each month to Qualified Residents of the above-mentioned Target Areas.
2. **Program:** Legal services under this program shall be provided in accordance with *Supreme Judicial Court Rule 3:07: Rules of Professional Conduct*. These pro bono legal services may be for any area of the law in which Two Buds, LLC’s General Counsel, in his discretion, is competent, giving particular focus to issues related to the Massachusetts cannabis industry. Qualified Residents shall be residents of the above-established Areas of Disproportionate Impact who have prior non-violent drug convictions. Pro bono opportunities shall be advertised on Two Buds, LLC’s website.

In the event that there is insufficient interest in Two Buds, LLC’s pro bono program such that the stated Goals are not met, Two Buds, LLC’s General Counsel shall log hours sufficient to meet these Goals with legal advocacy organizations with pro bono opportunities in the above-established Target Areas, including but not limited to: South Coastal Counties Legal Services, Inc.; SCORE SE Massachusetts; and the Massachusetts Bar Association.

3. **Metrics:** Two Buds, LLC's General Counsel shall maintain monthly logs of pro bono hours to ensure that the stated goals of this program are met. All logs will be maintained in a Google Doc and reviewed annually ninety (90) days prior to license renewal.

### **III. Community-based Workshops**

1. **Goal:** Two Buds, LLC has conducted 3 workshops and shall continue to conduct community workshops to educate registered attendees who reside in the Boston community.
2. **Program:** These seminars, led by Grover Daniels and his designees shall include non-legal business consultation advice covering a range of issues relevant to startups in the Massachusetts cannabis industry including, but not limited to: regulatory changes; licensing issues; business formation; and best management practices for cannabis and cannabis related businesses. These seminars shall be conducted, as they have in the past, at the Kush Groove retail shop at 1536 Tremont Street, Boston in conjunction with M4MM, a cannabis advocacy group that conducts community outreach in areas of disproportionate impact. These seminars shall occur four (4) times annually. In conjunction with M4MM and Kush Groove, Two Buds, LLC shall inform the public of these meetings via social media (including Facebook, Twitter, and Instagram) as well as in community publications including, but not limited to: Dig Boston, The Patriot Ledger (Quincy) and The Enterprise (Brockton).

Letters attesting to this programming arrangements between Kush Groove and M4MM are attached hereto as Exhibit A.

3. **Metrics:** To evaluate the success of the stated goals, Two Buds, LLC shall track attendance at each seminar to gauge community interest. Two Buds, LLC shall further collect email addresses for each attendee of these seminars and shall send a follow-up survey to collect suggestions on business related ideas for future seminars. Two Buds, LLC shall use these survey results to create fresh content and interesting topics that will benefit attendees and provide a future resource to those attendees that choose to increase their knowledge.

### **IV. Employment Programs to Reduce Barriers to Access to the Cannabis Industry**

Two Buds, LLC is committed to reducing barriers to entry in the cannabis industry for residents of Areas of Disproportionate Impact. With this in mind, Two Buds, LLC shall develop two discrete priority employment tracks for residents of the Target Areas: (a) Entry-Level Hiring Priority and (b) Cannabis Management Training Program. All candidates for these employment and training programs shall be required to meet the Registered Marijuana Agent requirements as established by the CCC 935.CMR.500.802 (suitability).

#### **a. Entry-Level Hiring Priority**

1. **Goals:** Two Buds, LLC shall ensure that at least 20% of its employees for Entry-Level Positions are residents of the above-established Target Areas, giving additional preference to those residents who have non-violent drug convictions.

2. **Program:** Two Buds, LLC shall either host recruitment events at its premises in Rockland or participate in Local Career Fairs, giving Hiring Preference for Entry-Level Positions to candidates from the above-established Target Areas a minimum of twice annually. During the initial hiring phase in 2020, prior to commencing operations, Two Buds, LLC shall host and/or participate in at least 3 Career Fairs until all Entry-Level Positions are filled. Local Career Fairs shall mean those recruitment events that are hosted from time to time by community organizations and educational institutions in the above-established Target Areas, including but not limited to: MassHire, Massasoit Community College, Fisher College-Brockton, and Quincy College. Hiring Preference shall mean that a candidate who is a resident of any the above-mentioned Target Areas shall be offered employment in an Entry-Level Position before any other candidate of similar qualification. Entry-Level Positions shall mean all employment positions at Two Buds, LLC that do not require specialized skill, technical training or experience as conditions of employment, including but not limited to: budtenders, retail associates, manufacturing specialists, cultivation specialists, trimmers, and waste disposal technicians. Recruitment events shall be advertised via Two Buds, LLC's website and in community publications in each of the above-established Target Areas, including but not limited to: Dig Boston, The Patriot Ledger (Quincy) and The Enterprise (Brockton) at least twice annually.

In the event that the stated demographic goals are not met by this program following demographic audits, Two Buds, LLC shall host recruitment events exclusively for residents of the above-established Target Areas.

3. **Metrics:** During the initial hiring phase prior to commencing operations, Two Buds, LLC's Human Resources Manager shall continuously monitor staff demographics to ensure that the stated goals are met. Further, the Human Resources Manager shall conduct Entry-Level staff demographic audits to ensure compliance.

#### **b. Management Training Program**

1. **Goal:** Two Buds, LLC shall establish a management training program to provide training and experience in the cannabis industry for up to 3 Qualified Candidates each year.
2. **Program:** The Management Training Program shall consist of a one (1) year placement at Two Buds, LLC in which Qualified Candidates will work in skilled positions under the supervision of Two Buds, LLC managers in its Cultivation, Product Manufacture, and Retail departments. Qualified Candidates shall mean residents of the above-established Target Areas who are recent college graduates with special preference given to those candidates with non-violent drug convictions. Participants shall gain meaningful training and experience in each of these areas of Two Buds, LLC's operations, focused on providing applicants with the skills necessary for management positions within the cannabis industry. The Management Training Program shall be advertised via Two Buds, LLC's website and in community publications in each of the above-established Target Areas, including but

not limited to: Dig Boston, The Patriot Ledger (Quincy) and The Enterprise (Brockton).

3. **Metrics:** At the conclusion of the Management Training Program—including Cultivation, Product Manufacture, and Retail segments, participants shall complete a written test. This test will measure the acquired knowledge of the participant that is necessary for a management position in one of the areas of the program. The results shall be used by the Human Resources Manager to determine whether a participant has satisfactorily completed the program and is able to move forward. If a participant does not meet the requirements needed to become a manager, then the participant may continue with the company in a non-managerial position. Further, upon conclusion of each program year, all participants shall be asked to complete a voluntary survey through which program participants will provide feedback on the success and challenges of the program.

## V. Custody of Programming Records

Records related to the Quarterly Startup Workshops, the Employment Opportunities program, and Pro Bono Legal Services hours totals shall be maintained, in accordance with applicable state and federal law regarding privacy and data protection, for not less than one (1) calendar year by the Two Buds, LLC Human Resources Manager and shall be reviewed, at a minimum, prior to each annual license renewal period. Notwithstanding the pro bono hours reporting as established above in the **Pro Bono Legal Services** section, records and information relating to the Pro Bono Legal Services program shall be maintained by the Two Buds General Counsel in accordance with attorney-client confidentiality requirements as established by *Massachusetts Rule of Professional Conduct 1.6*.