

**COMMERCIAL CANNABIS BUSINESS LICENSE  
DEVELOPMENT AGREEMENT**

This Development Agreement (“Agreement”) is made and entered into as of December 6, 2022 (the “Effective Date”) between the **CITY OF NATIONAL CITY**, a California municipal corporation (“City”), and OTC NC, a California LLC doing business as Off The Charts (“Licensee”). City and Licensee are hereinafter collectively referred to as the “Parties” and singularly as “Party.”

**RECITALS**

- A. The City Council previously adopted an ordinance to add Chapter 9.60 to National City Municipal Code (“NCMC”) to permit limited commercial cannabis activities.
- B. Pursuant to Resolution No. 22- , the City Council adopted Application Procedures and Guidelines (the “Guidelines”) governing the issuance of commercial cannabis licenses.
- C. Licensee submitted an application for a commercial cannabis license dated April 7, 2022 (the “Application”), which was reviewed by the City in accordance with the Guidelines.
- D. The Licensee identified in the Application that it was at least 51% owned by residents of National City, which made the Licensee’s Application eligible to receive the local preference criteria contained in the Guidelines.
- E. On [December 6, 2022], the City awarded a Commercial Cannabis Permit to Licensee (“Permit”), to operate a retail and distribution, cannabis business which will be located at 900 Civic Center Drive, also known as San Diego County APNs 559-010-09 (the “Property”).
- F. Pursuant to NCMC Section 9.60.100 and the Guidelines, the Licensee must enter into an Development Agreement with City prior to commencing operations.
- G. The City and Licensee freely and voluntarily negotiated the terms and conditions of this Development, and the City Council adopted Resolution No 22- approving this Agreement.
- H. The Parties acknowledge that this Agreement is not a statutory development agreement authorized by Government Code section 65864 and that this Agreement confers no entitlement or vested rights of any kind to Licensee to operate a cannabis business.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the covenants and obligations set forth herein, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

**1. Incorporation of Recitals.**

The recitals and defined terms set forth above are hereby incorporated into this Agreement.

**2. Effective Date and Term.**

This Agreement shall commence on the Effective Date and remain in effect until the expiration, termination, surrender, or revocation of Licensee’s Commercial Cannabis Permit, unless sooner terminated as provided for herein.

**3. Description of Business and Ownership.**

Licensee’s has been awarded a Commercial Cannabis Permit dated December 6, 2022 to operate a commercial cannabis business at the Property (the “Business”). Licensee shall operate the Business as a retailer and distributor, as those terms are defined in NCMC Chapter 9.60. The terms and conditions of the Commercial Cannabis Permit are incorporated into this Agreement by reference.

**4. Applicable Laws and Regulations.**

**4.1 General.** Licensee shall at all times comply fully with all current and future State and City laws and regulations applicable to Licensee’s Business, including but not limited to NCMC Chapter 9.60. Licensee shall ensure such compliance by all of Licensee’s employees, contractors, vendors, and members of the public invited or allowed access to the Business.

**4.2 State License.** Licensee shall promptly apply for and obtain all State licenses required for the Business’s operations. Failure to obtain and maintain required State licenses during the term of this Agreement shall constitute a default under this Agreement and shall be grounds for termination.

**5. Conditions of Approval.**

In addition to the requirements contained in the Plans, as defined in Section 6 below, the Licensee shall at all times operate the Business in accordance with the Conditions of Approval for the Business, attached hereto as Exhibit A and incorporated herein by reference (the “Conditions of Approval”). To the extent there is a conflict or inconsistency between the Conditions of Approval and the Plans, the Conditions of Approval shall control. To the extent the Conditions of Approval conflict with any applicable state or local law or regulation, currently existing or enacted in the future, the applicable law or regulation shall control. The City Manager, or his or her designee, shall have the authority to amend the Conditions of Approval subject to the requirements of this Agreement.

**6. Operating Requirements.**

**6.1 Operating Requirements.** In addition to any other applicable requirements, Licensee shall at all times operate the Business in accordance with the operating procedures contained in Exhibit B, attached hereto and incorporated by reference. Such operating procedures include requirements for the opening and closing of the Business, customer check-in, product delivery, use of specific point-of-sale software, inventory control, diversion prevention, product

distribution, transportation procedures, odor control, and quality control. Nothing in this section shall prevent the Licensee from changing the mix and type of cannabis products at the Business.

**6.2 Safety Plan.** In addition to any other applicable requirements, Licensee shall at all times operate the Business in compliance with the Safety Plan contained in Exhibit C, attached hereto and incorporated by reference, including but not limited to all fire prevention and suppression measures, accident and reporting procedures, medical emergency response procedures, and waste management procedures identified therein.

**6.3 Security Plan.** In addition to any other applicable requirements, Licensee shall at all times operate the Business in compliance with the Security Plan submitted with the Licensee's application and on file with the City. The Security Plan identifies access control requirements, perimeter security standards, inventory control measures, cash handling procedures, information/records security, lighting and surveillance requirements, theft and diversion prevention strategies, and employee training policies, among other topics.

**6.4 Amendments.** Licensee shall operate Business in accordance with the requirements of the this Section 5 and the plans contained in Exhibit B and C attached hereto (collectively, the "Plans") , with such amendments or changes approved by the City Manager, or his or her designee. To the extent there is a conflict or inconsistency between the Plans and this Agreement, this Agreement shall prevail.

**7. Community Benefits.** Licensee has offered to provide certain community benefits as part of the operation of the Business, and the City has accepted such offer. The community benefits to be provided by Licensee are specified in this Section.

**7.1 National City Community Benefit Fund.**

a. **Community Benefit Fund.** Licensee hereby agrees to donate an amount equal to one percent (1%) of the Net Profits of the Business, as defined herein, to nonprofit community organizations located and doing business within National City, subject to the requirements of this Section (the "National City Community Benefit Fund").

b. **Annual Plan.** No later than the October 1 of each year, beginning the year after the Business commences operations, Licensee shall submit to the City an annual plan for the disbursement of the National City Community Benefit Fund (the "Annual Plan"). The Annual Plan shall identify the recipients of the funds, the estimated amount that shall be provided to each recipient, and such other information as may reasonably be required by the City. The recipients of the proceeds of the National City Community Benefit Fund shall be exempt from taxation pursuant to Internal Revenue Code section 501(c)(3), shall be in good standing with the laws of the State of California, and shall provide sufficient services within the City of National City that benefit the public (each a "Recipient"). The City may, in its sole discretion, determine that a proposed Recipient does not provide sufficient services within National City that benefit the public, and such determination shall be conclusive. The City shall review, and either approve or reject, the Annual Plan. If the City rejects the Annual Plan, it shall notify the Licensee in writing of the reasons for the rejection. Thereafter, the Licensee shall submit a revised Annual Plan within forty-five (45) days. If the City fails to approve or reject the

Annual Plan within thirty (30) days of submittal by the Licensee, the Annual Plan shall be deemed approved. Licensee may at any time apply to amend its Annual Plan, subject to the same procedures contained in this Section 7.1.

## **7.2 General Fund Contribution.**

a. **Voluntary General Fund Contribution.** Licensee hereby agrees to donate an amount equal to five percent (5%) of the Gross Receipts of the Business, as defined herein, to the City's General Fund, subject to the requirements of this Section 7 (the "General Fund Contribution"). The General Fund Contribution may be used for any lawful municipal purpose as determined by the City Council, in its sole and absolute discretion.

b. **Monthly Payments.** No later than the 15<sup>th</sup> day of each calendar month, Licensee shall pay to the City the General Fund Contribution from the previous calendar month. The payment shall be accompanied by a report, on a form approved by the City's Finance Director, identifying the total amount of the Gross Receipts of the Business from the previous month and any other information requested by the City.

c. **Penalty for Delay.** If Licensee fails to remit any amount owed pursuant to Section 7.2(b) within the time required, Licensee shall pay a penalty of ten percent (10%) of the amount owed in addition to the outstanding amount. The amount of the penalty shall increase by an additional ten percent (10%) each additional thirty (30) days during which the Licensee fails to make the requirement payment. Licensee and City agree that this penalty is necessary in order to ensure that Licensee timely provides the funds it has promised to donate and which the City has budgeted based on such promise.

## **7.3 Financial Reporting & Administration.**

a. **Gross Receipts.** As used in this Agreement, "Gross receipts" includes the total amounts actually received or receivable during a calendar year for the sale of any cannabis goods for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale or delivery of cannabis materials, cannabis services, cannabis goods within the City of National City, or outside the City of National City when the proceeds are credited to or for the account of the Business. Included in "gross receipts" shall be all commissions, fees, receipts, receipts from coin-operated equipment, cash, credits and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever. Excluded from "gross receipts" shall be the following: i) cash discounts allowed and taken on sales; ii) credit allowed on property accepted as part of the purchase price and which property may later be sold; iii) any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser; iv) such part of the sale price of property returned by purchasers upon rescission of the contract of sale refunded either in cash or by credit; v) amounts collected or held in trust for others where the business is acting as an agent or trustee, to the extent that such amounts are paid to or for the benefit of those for whom collected (the collector may require proof of payment or disbursement; vi) receipts of refundable deposits, except that refundable deposits forfeited and taken into the

income of the business shall not be excluded and vii) non-cannabis materials, goods, wares or merchandise.

b. **Net Profits.** As used in this Agreement, “Net profits” shall mean the net taxable income of the Business as reported annually to the California Franchise Tax Board on its annual tax return, less any federal, state, or local taxes paid by Business and not otherwise reported as part of the net taxable income of the business.

c. **Reporting of Gross Receipts.** No later than February 15 of each year during the Term of this Agreement, Licensee shall deliver to City a report, on a form approved by the City’s Finance Director, showing:

(i) The Business’s Gross Receipts and Net Profits from the previous calendar year (the “Statement of Receipts”);

(ii) The total amount of the General Fund Contribution; and

(iii) The total amount contributed to the National City Community Benefit Fund and the actual amount of money provided to each Recipient.

d. **Statements of Receipts.** Licensee shall keep complete, accurate and appropriate books and records of all receipts and expenses from the Business’s operations in accordance with generally accepted accounting principles (“Books and Records”). Books and Records, as well as all other relevant documents as City reasonably requires, shall, upon reasonable written notice, be open for inspection by City, its auditors, or other authorized representatives. If at any time during the Agreement, such Books and Records are deemed inadequate in the reasonable judgment of City, Licensee shall, upon the written notice of City, be given a one quarter period (three months) to cure such inadequacies. If, in the reasonable judgment of the City, Licensee has not cured the Books and Records inadequacies, City shall consider Licensee to be in default of this Agreement, and may choose to terminate this Agreement.

e. **Audit.** City shall have the right to audit and examine Licensee’s Books and Records, and other relevant documents and items in Licensee’s possession (“Audit Items”), but only to the extent necessary for a proper determination of gross receipts, net profits, and expenses from operations. Upon written request by City, Licensee shall make all Audit Items available to the City within thirty (30) days of City’s request.

f. **Retention of Receipts.** Licensee shall preserve Audit Items in the City for a period of at least five (5) years.

g. **Copies of Tax Filings.** Upon request, Licensee shall provide City with copies of any reports and tax filings Licensee is required to provide to the County of San Diego, the State, and the federal government.

h. **Future Revenue Mechanisms.** During the term of this Agreement, if the City imposes an alternative revenue mechanism specifically related to commercial cannabis business permit holders, Licensee agrees to pay the City the greater of the payment required under such alternative revenue mechanism or the General Fund Contribution. Payments that are not specific to commercial cannabis business permit holders (e.g. apply to both cannabis and non-cannabis businesses), shall be in addition to, and not in lieu of, the payments required by this Agreement.

#### 7.4 Miscellaneous Community Benefits

a. **Community Clean Up.** Licensee shall organize and host one community clean-up event per calendar year. Licensee shall be solely responsible for all costs associated with such event, and shall obtain any permits and approvals from any responsible governmental agency necessary for the event.

b. **Drug Prevention Seminars.** The Licensee shall participate in at least two (2) drug prevention seminars hosted collectively by all cannabis businesses operating in National City. The seminars shall be offered free of charge to the public at a location within the City of National City, and shall focus on responsible use of cannabis and secure storage of cannabis to prevent access by minors. Licensee shall work in good faith to develop and sponsor such seminars.

c. **Employment Priorities.** In an effort to further restorative justice and the local economy, the Licensee shall use a good faith effort to ensure that at least thirty percent (30%) of the employees of the Business are either residents of the City of National City or individuals previously convicted of misdemeanor offenses related to the sale, distribution, use, or cultivation of cannabis.

### 8. Location Change & Transfer

**8.1 Change of Location.** The Licensee shall not change the location of the Business unless and until the Licensee first complies with the requirements of NCMC Section 9.60.430, and obtains the necessary approvals.

**8.2 Transfer of Ownership.** The Licensee shall not transfer ownership or control of the Business or the Permit unless and until the Licensee first complies with the requirements of NCMC Section 9.60.420, and obtains the necessary approvals.

**8.3 Local Ownership.** The Licensee identified in the Application that it was at least fifty-one percent (51%) owned by residents of National City. Licensee acknowledges that it was eligible to receive the local preference criteria in the Guidelines based on this representation. Notwithstanding anything in NCMC Chapter 9.60 to the contrary, Licensee may not change its ownership structure in anyway such that less than fifty-one percent (51%) of the Licensee is owned by residents of National City. In addition to any other applicable requirement, Licensee shall notify the City every time there is a change in its ownership, and shall identify whether or not the new owner is a National City resident.

**9. Processing Fees and Charges.**

Licensee shall pay City, processing, inspection, plan checking, permit, and monitoring fees and charges required by City for processing Licensee’s applications and requests for permits, inspections, approvals and actions, and monitoring compliance with any permits issued or approvals granted, or the performance of any conditions.

**10. No Vested Rights.**

The Parties acknowledge and agree that this Agreement is not a statutory development agreement authorized by Government Code section 65864. This Agreement confers no entitlement or vested rights of any kind to Licensee to operate the Business, or engage in any commercial cannabis activity.

**11. Voluntary Agreement.**

The terms and conditions of this Agreement are the result of voluntary negotiations between the Parties, and no term in this Agreement has been imposed by the City, including without limitation the General Fund Contribution. The City and Licensee have each voluntarily and freely elected to enter into this Agreement. Each of the Parties have had an equal opportunity to participate in the negotiating and drafting of this Agreement, and to review the Agreement with legal counsel, therefore any construction as against the drafting party shall not apply to this Agreement.

**12. Indemnity.**

Licensee shall indemnify, defend, and hold harmless to the fullest extent permitted by law, City and its officers, officials, employees, consultants, attorneys, and volunteers (“Indemnitees”) from and against any and all claims, liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with the operation or existence of the Business, this Agreement, or the Property (including any challenge to the validity of any provision of this Agreement or the Permit approvals, or Licensee’s failure to comply with any of its obligations under this Agreement, or Licensee’s failure to comply with any current or prospective law); provided, however, that Licensee shall have no obligations under this Section for such loss or damage which was caused by the sole negligence or willful misconduct of the Indemnitees. This indemnification obligation shall survive this Agreement and shall not be limited by any insurance policy, whether required by this Agreement or otherwise.

**13. Waiver & Hold Harmless**

Licensee waives, releases, and holds harmless the City and its officers, officials, employees, and agents from any and all actual and alleged claims, losses, damages, injuries, liabilities, costs (including attorney’s fees), suits or other expenses which arise out of, or which are in any way relate to this Agreement, including the enforcement of any term or condition stated herein, the payment of the General Fund Contribution, the issuance of the Cannabis Business Permit, or the

Operation of the Business. Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that the City would not have entered into this Agreement had it been exposed to liability for damages from Licensee, and therefore, Licensee hereby waives all claims for damages against the City for breach of this Agreement. Licensee hereby voluntarily and unconditionally waives any rights it may have to challenge this Agreement or any term contained herein.

Licensee specifically waives the provision of California Civil Code Section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THIS RELEASE, AND THAT IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR THE RELEASED PARTY.”

In this connection and to the extent permitted by law, Licensee hereby agrees, represents and warrants that Licensee realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Licensee further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Licensee nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included as a material portion of the consideration given to City by Licensee in exchange for City’s performance hereunder.

City has given Licensee material concessions regarding this transaction in exchange for Licensee agreeing to the provisions of this Section. City and Licensee have each initialed this Section to further indicate their awareness and acceptance of each and every provision hereof.

\_\_\_\_\_  
CITY’S INITIALS

\_\_\_\_\_  
LICENSEE’S INITIALS

**14. Liability.**

City shall not assume liability or responsibility for any conditions related to the construction or use of the Business that may be in violation of local and/or state health and building codes (“Conditions”). City shall not assume responsibility for correcting Conditions, either existing or discovered during the course of the construction or operation of the Business. Failure to correct Conditions during the course of construction or operation of the Business shall not imply that City has accepted Conditions nor forfeit City’s right to have Conditions corrected at a future date.

**15. Defaults.**

Notwithstanding other provisions of this Agreement, any failure by either party to perform any term or provision of this Agreement, which failure continues uncured for a period of thirty (30)



days following written notice of such failure from the other party (“the Complaining Party”) (unless such period is extended by mutual written consent), shall constitute a default under this Agreement. The Complaining Party’s notice (“Default Notice”) shall specify the nature of the alleged failure, and may specify the manner in which the failure satisfactorily may be cured by the other party (“the Defaulting Party”). If the nature of the alleged failure is such, that it cannot reasonably be cured within such thirty (30) day period, then no default shall be deemed to have occurred if: (a) the cure shall be commenced at the earliest practicable date following receipt of the Default Notice; (b) the cure is diligently prosecuted to completion at all times thereafter; (c) at the earliest practicable date (if no event later than thirty (30) days after the Defaulting Party’s receipt of the Default Notice), the Defaulting Party provides written notice to the Complaining Party that the cure cannot practicably be completed within such thirty (30) day period; and (d) the cure is completed at the earliest practicable date.

Upon the occurrence of a default under this Agreement, the Complaining Party may, in addition to any and all other rights or remedies of the Complaining Party hereunder and/or provided by law, shall have the right to: i) terminate this Agreement, or ii) commence an action against the Defaulting Party for damages, injunction and/or specific performance.

No remedy specified in this Section shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy provided hereunder or now or hereafter existing at law or in equity or by statute, and every power and remedy provided by this Agreement may be exercised from time to time and as often as occasion may arise or as may be deemed expedient, subject to any limitations set forth herein.

## **16. Termination.**

**16.1 By Mutual Consent.** This Agreement may be terminated in whole or in part by the mutual written consent of all the Parties.

**16.2 Failure to Obtain or Maintain Required State or Local Licenses.** If Licensee fails to obtain or maintain in effect all State and City licenses required for the Business, City may immediately terminate this Agreement.

**16.3 State or Federal Action.** In the event that State law permitting the use for which the Commercial Cannabis Permit was issued is amended or repealed resulting in the prohibition of such use, either Party may terminate this Agreement.

**16.4 Surrender or Revocation of Commercial Cannabis Permit.** If Licensee voluntarily surrenders their Permit, or if Licensee’s Permit is revoked by City, Licensee shall immediately cease all operations at the Business, and this Agreement shall terminate automatically, without further action required by either Party.

**16.5 Default.** If Licensee is in default of any provision of this this agreement, including but not limited to the requirements of Section 7, the City may terminate this Agreement pursuant to Section 14.

**16.6 Effect of Termination of Agreement on Commercial Cannabis Permit.**

Licensee agrees that termination of this Agreement in accordance with this Section, shall also result in the automatic termination of the Licensee’s Commercial Cannabis Permit. Upon termination of this Agreement, Licensee shall remit all fees and payments due as of the effective date of the termination.

**17. Future Amendments.**

The City Manager shall have the authority to approve minor amendments to this Agreement without further approval from City Council. For the purposes of this section, an amendment shall be a minor amendment if it substantially conforms with the material terms of this Agreement. Without limiting the generality of the foregoing, changes to the time for either Party to perform any obligation and changes in reporting obligations may be made via a minor amendment. Changes to the amount of gross receipts the Licensee must use for the National City Community Benefit Fund or the General Fund Contribution shall not be minor amendments. The determination of the City Manager regarding whether an amendment qualifies as a minor amendment shall be definitive.

**18. Assignment; Binding on Successors.**

Licensee may not transfer or assign its interests under this Agreement, in whole or in part, without the prior written consent of the City, which may be withheld for any reason. Subject to the restrictions on transfers set forth herein or the NCMC, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law

**19. Notices.**

All notices required by this Agreement shall be in writing and personally delivered or sent by certified mail, postage prepaid, return receipt requested to the following addresses:

Notice to City shall be addressed as follows:  
CITY OF NATIONAL CITY  
Attn: City Manager  
1243 National City Blvd  
National City, CA 91950

with copies to:

CITY OF NATIONAL CITY  
Attn: City Attorney  
1243 National City Blvd  
National City, CA 91950

Notice to Licensee shall be addressed as follows:  
900 Civic Center Drive  
National City, CA 91950

Either Party may change the address stated herein by giving written notice to the other Party, and thereafter, notices shall be addressed and transmitted to the new address. All notices shall be deemed received on the earlier of the date that personal delivery is effected or the date shown on the return receipt.

**20. Severability.**

If any term, condition, or covenant of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall not be affected, and the remaining provisions of the Agreement shall be read and construed without the invalid, void, or unenforceable provision(s).

**21. No Implied Waiver of Breach.**

The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

**22. No Third Party Beneficiaries.**

The parties do not intend to create, and nothing in this Agreement shall be construed to create any benefit or right in any third party.

**23. Action or Approval.**

Whenever action and/or approval by City is required under this Agreement, the City Manager of the City of National City, or his or her designee, may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his discretion that such action or approval requires referral to City Council for consideration.

**24. Governing Law and Forum.**

This Agreement shall be construed in accordance with the laws and judicial decisions of the State of California, and venue or any legal or equitable action shall be in the state or federal courts of County of San Diego.

**25. No Agency, Joint Venture, or Partnership.**

City and Licensee hereby renounce the existence of any form of agency relationship, joint venture, or partnership between City and Licensee, and agree that nothing contained herein or in any document executed in connection herewith shall be construed as creating any such relationship between City and Licensee.

**26. Entire Agreement.**

The provisions of this Agreement comprise all of the terms, conditions, agreements and representations of the Parties. This Agreement may not be altered or amended, and no provision hereof may be waived, except by written agreement executed by the authorized representatives of the Parties. The Parties hereby agree that terms of this Agreement have not been changed, modified, or expanded by any oral agreements or representations entered into or made prior to or at the execution of this Agreement.

**24. Counterparts.**

This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument.

Exhibit A	Conditions of Approval
Exhibit B	Operating Procedures
Exhibit C	Safety and Security Plan

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates set forth below.

**CITY OF NATIONAL CITY, a municipal corporation**

**OTC NC, a LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

5212884.2

**EXHIBIT A**  
**CONDITIONS OF APPROVAL**

**General Conditions:**

1. Licensee shall post clearly visible signs at all entrances and exits and at both on and off-site parking areas, requesting patrons to respect residents of adjacent residential neighborhoods by being quiet when leaving, reminding patrons of the existence of permit parking districts within the neighborhoods adjacent to the business, and that the consumption of cannabis in public areas is not permitted pursuant to state law.
2. A responsible person shall always be on the premises to act as manager and supervise employees during business hours.
3. The applicant shall comply with the applicable requirement of NCMC Title 12, Noise Control. Noise complaints shall be immediately addressed.
4. Odor generated by the Business shall not be detectable outside the Business to a person of normal olfactory sensitivities, including anywhere on adjacent property or public rights-of-way, or within any other unit located within the same building as the Business. An odor absorbing ventilation and exhaust system shall be installed so that odor generated within the Business is not detected outside of the Business.
5. Licensee shall proactively monitor and resolve any issues involving disturbances, loitering or ingestion of cannabis in parking lots or surrounding streets, sidewalks, and alleys.
6. Licensee shall provide law enforcement and all neighbors within one hundred feet of the Business with the name and phone number of an on-site community relations employee to notify if there are operational problems with the establishment.
7. Licensee shall employ a minimum of one (1) on-site security guards during all hours of operation.. All security guards employed by the Business shall be licensed and possess a valid Department of Consumer Affairs “Security Guard Card” at all times. In addition, any security guard employed by the Business or security firm retained by the Business must first be approved by the City’s Chief of Police, in his or her reasonable discretion. Neighborhood security guard patrols shall be conducted every hour, for a two-block radius surrounding the Business during all hours of operation.
8. The Licensee shall not employ security guards armed with firearms or tasers.
9. Upon presentation of proper credentials by any Code Compliance or Law Enforcement Officer, the Licensee shall consent to entry of the place of business at all reasonable times to enforce the provisions of this Agreement or the NCMC.
10. On-site sales of alcohol or tobacco, and on-site consumption of alcohol or tobacco products by patrons prohibited.
11. All proposed structures must comply with zoning and building code regulations and pass all requisite inspections and receive all permits required under applicable law.
12. All cannabis waste must be stored in a secured location and properly disposed by a cannabis waste collector.

13. The on-site consumption of alcohol, tobacco or cannabis by employees of the Business is prohibited while such employees are working.

# OFF THE CHARTS



OTC NC LLC

## BUSINESS PLAN





## A.2.1 DAILY OPERATIONS

### *Hours of Operation*

Off The Charts' (OTC) proposed hours of operation of 9:00am – 9:00pm, 7 days a week are compliant with NCMC § 9.60.250(G) and any changes to hours of operation shall always remain within the 9:00am and 9:00pm as promulgated by NCMC and state law. These hours of operation apply to both our Distribution and Retail departments. Our hours of operation for retail remain 9:00am – 9:00pm at all times, but our hours of operation for distribution may fluctuate within this window depending on labor availability and operational demand; in some cases, we may open the facility for a shorter window for distribution or manufacturing activities. We always have security personnel onsite to escort the Retail Manager and Operations Manager opening or closing the facility and our surveillance system is functioning 24 hours a day to mitigate any potential security risks when opening or closing the facility.

### *Day-to-Day Operations: Distribution with Retail Ancillary*

OTC has chosen to conduct retail sales of cannabis as an ancillary activity that is part of Distribution, facility. OTC has implemented this same business model in other jurisdictions and has developed proven strategies for operational efficiency and the management of multiple departments within the overall business. Our Imperial Distribution in unincorporated Imperial County has also given us vast experience in this specific area of operations and we look forward to creating the same successful distribution model in National City.

Our proposed commercial cannabis business is structured with two main departments: the Retail Department and the Distribution Department. The Retail Department accounts for the Retail Storefront and Retail Delivery components of the business' day-to-day operations, while the Distribution Department accounts for the Distribution day-to-day operations.

### **Retail**

The Retail Department is the business's front end, which is client-facing and involves verifying and checking in customers and patients, processing transactions, providing consumer education, managing inventory, recordkeeping, and various other day-to-day tasks that comprise the consumer-facing portion of our business. The Retail Department is led by the Retail Manager, who manages a team of Cannabis Specialist, Verification Specialists, Inventory Technicians, Delivery Drivers and Security Personnel to ensure that all retail operations are conducted in the scope of compliance with NCMC and MAUCRSA. Typical day-to-day retail operations involve:

- Clients entering the Lobby where they are checked in by a Verification Specialist and are then granted access to the Retail Area if current occupancy permits
- Clients discuss product options with our Cannabis Specialists
- Clients make product selections, remit payment, receive their order and exit the Retail Area
- Preparing customer orders, loading and unloading cannabis goods and currency in and out of Delivery Vehicles, dispatching delivery routes, monitoring Delivery Driver progress through GPS
- Cannabis Specialists and Inventory Technicians working to ensure adequate supply levels in the Retail Area
- Compliance Officer and Inventory Technicians working together to track, monitor and transfer inventory
- Rendering, destruction and disposal of cannabis waste
- Employee training

### **Distribution**

OTC is planning to conduct ~90% of distribution activity for all OTC facilities across California out of proposed National City distribution center, contributing significant tax revenue and employment opportunities to the City. The Distribution Department is the intermediary between many of our Southern California cannabis businesses, with a centralized location that allows us efficient access to all of our other stores. The Distribution Department ensures that the Retail Department at the National City location has adequate levels of inventory to process customer transactions and ensure a steady supply of cannabis goods while also procuring and transferring cannabis goods for other OTC

## OFF THE CHARTS

stores and retail partners in the area. The Distribution Department transports cannabis goods from National City facility to other OTC facilities in Vista, Palm Springs, Imperial County, Los Angeles and any newly opened facilities. The Distribution's primary day-to-day activities involve receiving, batch sampling, testing and auditing inventory that is in transition from other licensees to either the National City facility's Retail Department as well as to other OTC locations. Typical day-to-day distribution operations involve:

- Receiving and transporting bulk cannabis raw materials and finished product between OTC locations and other licensed facilities
- Working with Testing Laboratories to facilitate batch sampling, testing and obtaining Certificates of Analysis for all batches and products
- Conducting inventory audits
- Managing the Secure Storage Rooms to ensure batches of raw material and finished product are kept separate from each other
- Working with the Retail to transfer adequate levels off cannabis goods and ensure ongoing sales
- Rendering, destruction and disposal of cannabis waste
- Employee Training

### **Cross-Department Operations**

The Retail and Distribution Departments collaborate to execute various day-to-day operations, including but not limited to:

- Prohibiting the onsite consumption of cannabis, alcoholic beverages and tobacco by all individuals as per NCMC § 9.60.225 and the California Code of Regulations (CCR) Title 4 Division 19 § 15025(b)
- Upholding the restriction of and not causing or permitting the sale, dispensing, or consumption of alcoholic beverages or tobacco products on or about the premises of a commercial cannabis business
- Prohibiting the visibility of cannabis and cannabis products from the exterior of the property or from any of the vehicle(s) owned or used as part of its operation
- Ensuring that all and cannabis products sold at its licensed retail storefront facility have been cultivated, manufactured, tested, distributed and transported by licensed facilities that maintain operations in full conformance with the State of California as well as local regulations
- Prohibiting loitering by persons outside and/or on the premises
- Adherence to all applicable local, state and federal laws and regulations pertaining to persons with disabilities
- Maintaining the signage and notices required by NCMC § 9.60.230(F)
- Conducting regular observations of the facility exterior to ensure cannabis odors are not drifting offsite
- Working with Security Personnel to maintain adequate functions of the security systems, report any security nonconformances and establish perimeter security

### ***Opening and Closing Procedures***

Only directorial and managerial level employees from each department are able to open or close the business. Each department manager is responsible for the assignment and oversight of opening and closing duties for the respective Retail and Operations departments.

Opening procedures involve Opening Managers arriving at the facility no less than 30 minutes before opening and initially conducting an inspection and observation of the facility exterior with the assistance of security personnel. Once it is deemed that there is no impending threat, the Opening Managers unlock the main entrance to the Retail Department and the Distribution Department respectively and enter the alarm code. The Opening Managers conduct a visual inspection of the facility's interior, including all customer, employee, retail, distribution, and manufacturing areas, to ensure that a theft, diversion, or a loss event has not occurred during non-operational hours. The inspection will also be carried out to ensure that proper closing procedures were executed. Any nonconformance in closing procedures from the previous business day observed the following morning is documented and a corrective action preventive action investigation is conducted. Once the interior inspection has been completed and any documentation

The logo for 'OFF THE CHARTS' is centered at the top of the page. It features the words 'OFF THE' in a white, sans-serif font above the word 'CHARTS' in a larger, bold, white, sans-serif font. The background behind the text is a teal and blue abstract pattern.

has been made, the Opening Managers count in the safes in the all Storage Rooms to ensure that the overall count is reconciled and matches the count from previous business day. The Opening Managers then turn on all interior lighting for the rest of the facility, ensure proper functioning of the surveillance system, monitoring equipment, access control equipment, the odor control system and the automated environmental control system.

Our specific opening procedures for retail also include the activation of all computers, point-of-sale (POS) terminals and confirmation of adequate presence and functioning POS equipment on the floor. The opening manager ensures that all display cases have been filled with their respective items and that both the Waiting Room and the Retail Area are stocked with educational materials. Opening Cannabis Specialists are instructed to arrive no less than 30 minutes before their shift to assist in opening procedures and ensure a constant presence in the Retail Area from the moment the first customer is verified.

The Operations Manager conducts additional opening procedures for our distributor and manufacturing operations, which includes turning on all computers and ensuring Treez POS, Distru, Metrc and OnFleet transportation and logistics software are functioning properly, inspecting the work area for cleanliness, order preparation and inventory accuracy and inspecting the fleet for any damage or vandalism to any of our Distribution vehicles, ensuring adequate levels of raw material to conduct manufacturing activities for the day and working with the Distribution department to place any orders for additional raw materials to be used in upcoming manufacturing cycles.

Closing procedures are only initiated after confirmation of that all clients, visitors and vendors have exited the premises with confirmation from security personnel. All final cash count counts are conducted under supervision of each Department Manager; Cannabis Specialists and Operations Technicians only exit the premises once their final till count or inventory count is completed. The Closing Managers then conducts overall count out verification, cross-references all current amounts with Treez POS and Metrc reports, locks cash in the safe, locks all interior doors and ensures functionality of the access control and alarm systems to prevent theft, diversion or loss through unauthorized entry during non-operational hours. The rest of the closing team organizes and sanitizes the Retail Area, POS equipment, the Storage Rooms, the Waiting Room and all other customer/shared areas while the Closing Manager finishes their duties. All excess display products in the Retail Area are returned to their respective place in the Retail Fulfillment Storage Room upon close of business. Leftover product that was not used during the manufacturing or distribution processes is also returned to the raw materials section of the Distribution Storage Room. The Closing Manager locks up all display cases in the Retail Area regardless of whether they contain product for sale. No display cases or cannabis goods are visible from the outside of the facility at any time.

The Retail Manager is responsible for sending a Nightly Closing Report to the Chief Executive Officer (CEO); this report includes reports from the Treez POS and Metrc as well as a summary of the documentation that includes total cash sales for the day, total debit and credit sales for the day, total revenue, any discrepancies in final till count outs, highest-selling brand, highest-selling product, any employee call outs or no-call no-shows, any issues with equipment or personnel experienced throughout the day and any other relevant information required by the CEO.

Security personnel are always present when closing the facility as an additional layer of safety support for Closing Managers as they carry out closing procedures and exit the facility. The Closing Manager notifies security personnel when the closing team is ready to leave the facility and security personnel monitors the facility exterior until the closing team safely enters their vehicles or are out of sight on their way to a public transportation stop. Security personnel then lock the facility's main entrance and conduct one final inspection of the facility's exterior before the business is officially closed. Security personnel remain on-site 24 hours per day in different shifts or at different intervals as approved by the City Manager, and surveillance is conducted by an onsite security guard in conjunction with video surveillance and remote monitoring; more detail is provided in the Security Plan.

# OFF THE CHARTS

## A.2.1.A RETAIL

### A.2.1.A CUSTOMER CHECK-IN PROCEDURES

Experience has taught us that well-trained staff, an intuitive POS System that assists with age and recommendation verification and interior design that facilitates customer flow are absolutely critical for compliant screening and transactions procedures. OTC has developed Client Screening, Registration, and Validation procedures to accommodate high volumes of both Medical and Adult-use clients. Verification Specialists are responsible for confirming validity of identification and/or medical recommendation for all clients. No customer or patient is eligible to access the Retail Floor or any



other areas beyond the Lobby until their age and/or patient status has been verified (4 CCR § 15402). If new or returning clients arrive without documentation of age and/or a current recommendation, Verification Specialists ask them to leave the facility and to return with proper documentation. Verification Specialists consult the customer database for pre-existing clients or initiate membership intake for new clients. Verification Specialists buzz visitors into the Retail Floor only after this process is completed. No customer or patient is ever left alone in the Retail Area without a staff member present. OTC does not tolerate any divergence from check-in protocols. Failure to adhere to check-in protocol is grounds for termination. Under no circumstances are unscreened visitors allowed past the Front Desk into the Retail Floor. OTC assigns all patients and customers unique identification numbers and a detailed entry log is kept for all persons who check-in to the facility. Entry logs are electronically stored and retained for a period of at least seven years in compliance with record retention procedures.

The following procedures provide a step-by-step overview of the compliant process for OTC's check-in and dispensing operations:

#### ***Age Verification (Intake/Lobby)***

Clientele must provide valid government-issued identification for age verification upon entry. Patients must prove they are over 18 while adult-use clients must prove they are over 21 (4 CCR §15400). OTC uses Treez's integrated identification scanners to verify age prior to entry onto the Retail Floor, which allows Verification Specialists to scan the barcode of government identification to verify the client's age and confirm validity. Adult use customers must provide documentation that shows that are age 21 or older (NCMC § 9.60.250(A)). Medical cannabis patients must show identification that confirms that they are age 18 or older along with a valid physician's recommendation or cannabis card as defined by the Health and Safety Code § 11362.71 (NCMC § 9.60.250(A)(3)). We also confirm that the identification and/or recommendations are not expired; any client that submits expired or invalid identification and physicians recommendation is turned away and we request that they return with current identification. Further, Treez's intake protocol requires staff to upload photographic proof of all new clients' government-issued IDs. We have two ID Scanners synched with desktop devices logged into Treez that are positioned at the Front Desk for pre-entry age verification purposes.

#### ***Adult-Use Registration of New Clientele (Intake/Lobby)***

All adult use customers must register as a new client or verify an existing profile at check-in. Treez's POS system allows for creation of unique client profiles and allows us to enter adult-use and medical clients into separate data queues to confirm that adult use customers are age 21 or older. The system requires input of client information, including:

- 1) Scanned government ID
- 2) Date of birth
- 3) Identification expiration



- 4) Contact information and ID/registration documents

The database assigns client ID numbers for internal tracking and state sales reporting; it also saves this information in full member profiles so ID expiration dates and other information are easily accessible by staff. Staff can look up profiles and customer histories to better accommodate client needs. These queues enable staff to best serve clients by being able to access previous transactions and make recommendations based on prior visits, as well as to track purchase limits. It also enables staff to know who is in the facility at all times and the amount of cannabis purchased in any given day. The customer tracker assigns each transaction to a client's unique ID number so staff can audit the system regularly and prevents transactions above the daily limits imposed by the state (4 CCR § 15409). All stored information will have unique access level requirements to protect and keep client information secure. Adult use customers are buzzed-in through an electronic panel behind the reception desk and given access to the Retail Floor only after this process has been completed. If the Retail Floor is at maximum occupancy, we ask that the customer wait in the lobby and view some of our educational materials until there is available space on the Retail Floor.

***Patient Registration & Support for New Patients (Intake/Lobby)***

Medical patients complete a Patient Information Form with contact and emergency information only after they confirm they are 18 or older and have provided valid documentation. Staff is required to create a new file in Treez's database and attach all scanned documentation into a patient's profile. All patients receive unique ID numbers and Handbooks with the retail storefront's rules and regulations. Patients are given a medical information pamphlet as part of their Handbook. Patient profiles contain the following:

- 1) Name and contact information
- 2) Medical recommendation/Cannabis Card identification number
- 3) Physician name and contact information
- 4) Recommendation issue/expiration date
- 5) Recommended uses and prescription limits
- 6) Diagnosed qualifying condition

Patient profiles feature medicinal recommendations based off diagnosis and purchase histories. Patient orientation includes questions to confirm their recommendation is consistent with their condition. Intake staff inquires into the nature of their physician visit to ensure compliance with State law. OTC promptly reports any suspect or fraudulent healthcare provider activities to the Medical Board. Additional medical documents, such as permission for usage amounts exceeding state daily limits, are also scanned into patient records. All patient documents and records are input into Treez's database, stored in a secured area, and made available to the Department of Cannabis Control (DCC) upon request (4 CCR § 15037(d)).

***Patient/Client Record Protocol – HIPAA:***

Medical patients fill out a Membership Agreement, Health Insurance Portability and Accountability Act "HIPAA" Privacy Authorization Form and sign the Initial the Rules for Membership in addition to the Patient Information Form. Caregiver records are attached to patient profile for patients in their care. All OTC employees are trained in HIPAA compliance and confidentiality and are responsible for exercising when addressing medical conditions and personal information. Confidentiality training includes methods and concepts designed to protect staff (such as work schedule, phone number, home addresses, vehicle information and other personal information) and facility information (Operational procedures, response protocols, network passcodes and other restricted information).

***Visitor/Contractor Check-In:***

Visitors, contractors and equipment technicians are only allowed on-site if their duties require access. Visitors must provide valid identification, sign into a secure logbook and wear serialized temporary ID badges at all times (4 CCR § 15042). OTC employees make a photocopy of the visitor's identification that is put into a visitor logbook along with the reason for their visit. No visitors under 21 are permitted on the premises at any time. Any non-clients, media, or community members who want to tour the facility must have prior permission from management and will be issued

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a temporary badge if approved. Visitors must be supervised at all times by a staff member. Please see our Visitor Protocols in the Security Plan for further detail.

### ***Authorized Agent Access***

Agents of the National City Police Department, DCC, City and County code officers, sheriff deputies, Fire Department and other authorized representatives are granted unrestricted access for inspection, investigation, auditing, and other approved purposes (4 CCR § 17800). These individuals are still required to go through visitor check-in procedures.

### ***Separation of Medical and Adult Use Transactions***

Upon entering the Retail Floor, Cannabis Specialists verify adult use customer or medical patient status and assist in product choice. Cannabis Specialists only move forward to discuss product and process transactions after they have confirmed the client's valid ID and, if applicable, doctors' recommendation a second time and confirm that this documentation is present in our internal records. This form of double verification ensures vigilance in the confirmation of age and identity of our clientele to prevent diversion by individuals attempting to access the facility with false identification. Cannabis Specialists are available to medical and adult-use clients to discuss cannabis use as a wellness treatment for various ailments, including the medical effects of different cannabinoids, their interrelationship, and dosing suggestions. Cannabis Specialists focus on client-specific wellness and treatment plans and provide informational handouts upon request. Cannabis Specialists are available to review and update care plans and trained to discuss alternative treatments, as well as to identify signs of misuse and dependence. Final transactions are designated as "Medical" or "Adult Use" in the Treez POS processing system and appropriate taxes will be automated. Treez's integration with Metrc ensures real-time compliance with transactional elements of MAUCRSA and NCMC. Managerial insight has taught us that sales staff must be qualified and prepared to discuss cannabis at a research-based health and wellness level and be able to do so in a way that is understandable and relatable to a wide spectrum of clientele. Our experience has shown us that age demographics of retail storefront clientele is shifting, and staff must be able to adeptly communicate with everyone from the cannabis connoisseur to the genuine geriatric, who was legitimately prescribed cannabis for a given qualifying condition. Although medical patients often have more complicated and nuanced inquiries, most adult use customers also seek informed guidance when choosing cannabis products. Cannabis products on display will be mostly uniform amongst checkout counters; however, any designated medical products having higher cannabinoid content and dosing will be available only at Medical counters to avoid any potential confusion to both Medical and Recreational customers. This separation of product process begins at when we receive deliveries of cannabis goods and continues through clientele checkout. Proper separation of medical-use only products maximizes efficiency, while Treez POS and Metrc software ensures that "For Medical Use Only" products are only sold to individuals who possess a doctor's recommendation (4 CCR § 1500.2(c)).

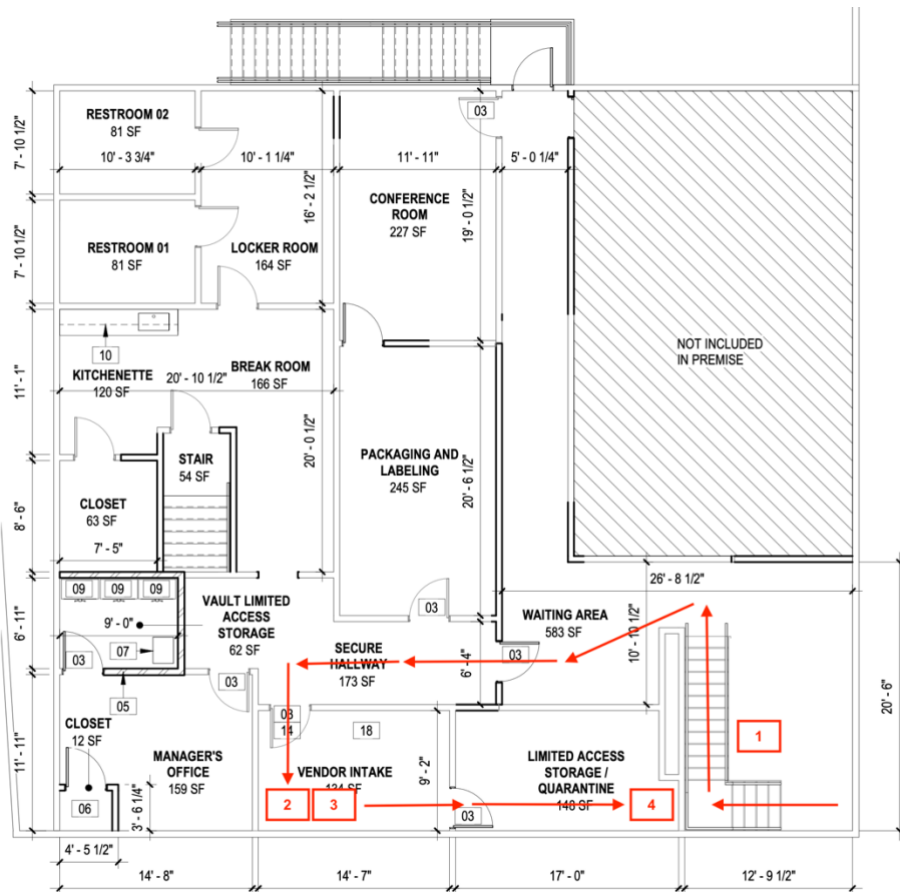
### ***Exit Process***

Upon checkout all product is placed in opaque, resealable, tamper-evident and childproof exit packaging beyond baseline minimums imposed by the DCC (4 CCR § 15413). Clientele are directed towards the exit after their transaction has been processed. Customers are monitored upon exit to prevent loitering, and suspicious behavior. Any persons breaching OTC's prompt exit policy are reminded to exit the facility by Security Personnel. Customers are instructed verbally and through posted signage to respect adjacent businesses and residential neighborhoods by being quiet when leaving the premises. Signage placed around the exit reminds clientele that cannabis consumption, loitering and any other behavior that could be described as a public nuisance is prohibited on the premises or in areas adjacent to the business. More detail on these protocols is provided in E. Neighborhood Compatibility Plan.

### **A.2.1.B LOCATION AND PROCEDURES FOR RECEIVING DELIVERIES**

All incoming deliveries are received in the Vendor Intake Room on the second floor, which is completely separated from any areas that our clients may access. Conducting delivery receipt on the second floor away from any client-facing areas ensures public safety and prevents theft or diversion by avoiding a situation where bulk cannabis goods are accessible to individuals on the facility exterior during delivery intake. The diagram below provides a visual display of our receiving protocols and the route cannabis goods take from outside the facility to the second floor and into secure storage:

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- 1) Distributor Employee Path of Travel
- 2) Verification of Shipping Manifest and Certificate of Analysis
- 3) Integration into inventory through Treez POS and Metrc
- 4) Product checked into secure storage

We also schedule deliveries during non-peak hours to limit the potential for visibility and accessibility to bulk cannabis goods during a receiving transaction. OTC only receives product shipments from licensed entities and during the 9:00am – 9:00pm hours approved by the City of National City (NCMC § 9.60.250(G)). All cannabis goods transferred from the transport vehicle must be placed in packaging that precludes visibility to the general public.

We first coordinate with distributors to arrange a proposed transaction time for delivery. All Distributors are required to communicate estimated time of delivery when within 30 minutes of the premises to allow staff adequate preparation time. We coordinate all deliveries during off- hours (if permitted) or during hours of low traffic to prevent security breaches involving incoming product shipments. Delivery drivers report to Security Personnel upon arrival and provide a copy of the Shipping Manifest to be given to the Compliance Officer. The Distribution delivery driver is then given instruction as to where to unload upon receipt and verification of Shipping Manifest.

Our two-pronged approach to track and trace with Treez and Metrc assists with verification of product source by requiring transfer manifests anytime a package moves from facility to facility. Transfer manifests are made prior to transport and can only be generated between licensed Distributors and annual licensees granted access to the state’s Metrc database. All product received through a Metrc verified transfer involves a licensed product source delivered by a licensed Distributor. Metrc’s transfer manifest includes: (1) Name/type of cannabis goods; (2) Unique identifier of cannabis goods; (3) Amount of cannabis goods, by weight or count; (4) Date/time of transaction; and (5) Name and license number of licensees involved in the transaction.

Confirmed receipt by a licensee results in the product details being assigned to the receiving party’s inventory in Metrc’s database; this is reflected in OTC’s Metrc account and our Treez POS system, which links to Metrc in real time. The Compliance Officer inspects all incoming shipments to ensure deliveries match the transfer manifest, including matching Certificates of Analysis and compliant packaging and labeling of all cannabis goods. Security



Personnel is present for supervision at all times during the receiving protocols as a form of double verification. Any cannabis goods with compromised packaging and labeling are rejected immediately as these cannabis goods present threats for diversion and theft. Any received package that does not match the weight, volume or count on the manifest is adjusted and reported in our Retailer Inventory to match actual adjusted weight, volume or count (BPC §26070(h)). We accept or reject shipments of cannabis goods in whole. We only reject partial orders of cannabis goods if we receive an order containing cannabis goods that differ from those listed on the shipping manifest, that were damaged during transportation or that contain cannabis goods that are non-compliant with packaging and labeling requirements. The rejected portion of the order is always recorded in Treez POS and Metrc (4 CCR § 15049(b)(2)).

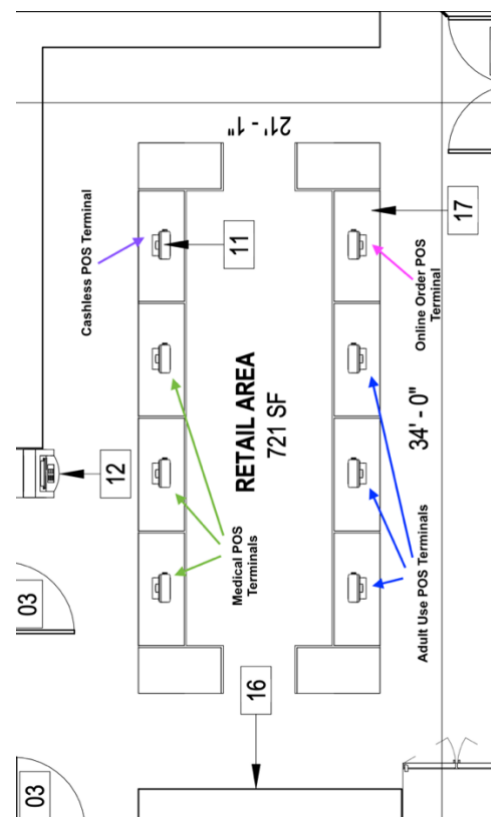
Upon inventory verification, confirmed shipments are documented in recorded sales invoices between licensees that specify: (1) Name/address of purchaser; (2) Date of sale and invoice number; (3) Kind, quantity, size and capacity of packages; (4) Cost to purchase; and (5) Place from which transport was made.

Rejected shipments are documented and recorded in Metrc to reflect the reason for rejection. OTC signs the Shipping Manifest, and received product is inventoried in the Receiving Room once the Transfer Manifest has been confirmed and the full inspection is conducted. The delivery driver is given a copy of the approved or rejected shipping manifest, indicating the date, time, receiver’s name, licensee name and license number, and any discrepancies in delivery.

Treez automatically updates when Metrc receives incoming inventory, sets a package’s unit of measure prior to acceptance and creates manifests for returns, customer deliveries, and transfers. Inversely, Treez pushes automated updates to Metrc for sales and associated package IDs, product price, changes in quantity/inventory and closed packages upon delivery. OTC’s designated Compliance Officer maintains an active roster of all employees using the Metrc system and notifies the DCC via Form BCC-LIC-027 within three days if a compliance notification is not fully resolved (4 CCR § 15023(e)(2)). All required data points for receiving deliveries are entered into the Treez POS system and automatically update in the company’s Metrc account. All transactions are accounted for within 24 hours; any discrepancies are reported to the DCC (4 CCR § 15036(a) & NCMC § 9.60.230(M)(22)(a-c)).

**A.2.1.C POS SYSTEM AND LOCATIONS**

We use Treez POS system at all of our facilities, and we have 20+ collective years of experience using Treez POS between all of our owners and managers. We have used the system long enough to understand all of its features and the intricate details of its operation. We have proposed eight (8) total POS locations at any given time, which allow us to efficiently serve all of our clientele while keeping our operations safe and efficient. We anticipate a relatively balanced number of adult use customers and medical patients given our organization-wide emphasis on healing and wellness, so we have designated three (3) POS terminals for adult use transactions and three (3) POS terminals for medical transactions. These POS terminals are separated with enough space to create privacy and adhere to all HIPAA regulations. We have one (1) POS terminal that is specifically dedicated to processing online orders. An additional non-stationary, cashless POS station is available for use during high traffic times. There is a surveillance camera located at each POS terminal that allows for the recording of the facial features of any person purchasing or selling cannabis goods or any person on the Retail Floor with sufficient clarity to determine identity. The diagram below displays prospective POS locations:



If a customer wants to look at a specific sample, ask questions about product, or check-out they must visit a Cannabis Specialist located at one of the POS locations. All POS stations are located behind the ADA compliant display cases giving our disabled clientele safe accessible





locations to look at samples, talk to one of our Cannabis Specialists about our product offerings, or receive purchased products.

#### **A.2.1.D NUMBER OF CUSTOMERS TO BE SERVED PER HOUR/DAY**

We have gathered significant amounts of customer data from operations at our store in Vista, CA that has given us an accurate representation of our customer expectations for planned operations in other locations with similar demographics. We have conducted a comparative analysis between the population and demographics of Vista, National City and San Diego County to create the most realistic projections for customer traffic.

The most recent data from the United States Census Bureau states that the population of National City is 61,121, roughly 61% of the population of Vista. We currently process an average of over 600 transactions a day, with peak traffic reaching 1,000 per day transactions at our Vista store. Based on these numbers, we estimate that we will be able to process an average of 500 transactions per day with peak traffic projections reaching upwards of 650 transactions per day. OTC has an average transaction time of ten (10) minutes per customer at our Vista store. Given that we anticipate fewer medical patients in National City, we estimate that the average transaction time will be closer to eight (8) minutes given that medical patients want to discuss treatment options. This increased average transaction time does not impact sales as we have the amount of POS terminals required to consistently process transactions. With over 20 planned parking spaces, OTC has sufficient parking to handle this customer count without any challenges. We are confident our existing operational throughput can be replicated in National City.

Despite designing our facility to facilitate upwards of 1,500 transactions per day, our initial financial projections for National City are extremely conservative and we are very confident in our ability to exceed those expectations once operations begin. Our pro-forma and financial analysis are based on daily customer rates of five hundred and ten (318) with approximately four hundred (400) in-store customers and another one hundred ten (110) deliveries. Our expectant operating costs include staffing that will allow us to service numbers in line with our Vista store (600-1,000/day), but slightly more conservative projections allow us to have realistic expectations.

OTC prides itself on customer retention techniques and our ability to be so successful in other markets is our ability to incite customer loyalty and repeat business. Our customer retention efforts not only allow us to ensure a steady flow of customers, but they have also allowed us to increase the speed of customer transactions and flow through due to the rapport between staff and customers as well as customer familiarity with the retail space and product offerings. These higher flow through rates allow OTC to service a high volume of customers without overflow and backed up lines that can be a nuisance to neighbors and surrounding businesses.

#### **A.2.1.E PROPOSED PRODUCT LINE**

OTC is proud of our ability to offer clients the highest quality cannabis and cannabis-infused products at the lowest prices. Our lack of corporate interest and investor obligations allows us to offer the best products at affordable prices.

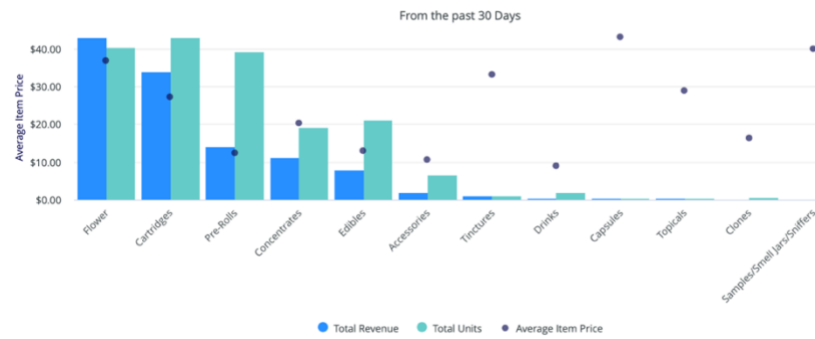
Product line decisions are driven by concrete data and our collective experience in sales and retail operations. We rely heavily on Headset, which uses state of the art data technology to provide a strategic outlook on retail operations and sales performance. Headset collects data on components of all of our transactions as well as demographic and behavioral information from customers, removes all store level attributes from our sales data and collects an anonymous sample from our sales data to be incorporated into their forecasting algorithm. Headset then uses this information to return estimates of daily, statewide sales data so we can understand the aggregated marketplace for the various cannabis goods we sell and see where our performance fits into the overall market. Headset allows us to leverage “just-in-time” product deliveries and maximize retail and secure storage space, while minimizing risk of on-site inventory levels. It also enhances the performance and information we receive from Treez so we can gain a better understanding of customer purchasing trends, performance of certain cannabis goods on our menu and gain more actionable insights from our POS reports. With Headset we not only manage our inventory, we assign value to all components of our product line and increase our knowledge of what products perform the best in our local markets.

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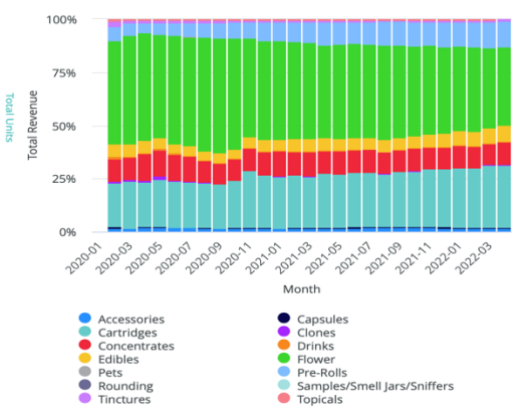
TC has used data derived from Headset Insights and Treez Point of Sales Software to come up with its estimated sales percentages for our National City location. Overall, flower, including pre-rolls, still accounts for nearly half of all sales and we project it will account for roughly 40% of our sales in National City. Manufactured products will account for the other 60% of product sales. New edibles and concentrate products continue to drive increasing sales of non-flower cannabis products, but overall, our internal data and industry projections seem to agree that flower will continue to account for the largest percentage of sales for a singular product, with the varying manufactured products categories continuing to vie for increased market shares amongst consumer who prefer non-flower cannabis derivative products. The Headset charts and graphs below depict some sales trends observed at our Vista store that have helped us develop these projections:

ESTIMATED RETAIL SALES PERCENTAGE			
PRODUCT TYPE	SALES %	SALES/MTH	SALES/YR
EDIBLES	26.8%	\$389,538	\$4,674,456
FLOWER	22.4%	\$325,584	\$3,907,008
PRE-ROLLS	19.5%	\$283,432.5	\$3,401,190
CARTRIDGE	14.8%	\$215,118	\$2,581,416
BEVERAGE	5.5%	\$79,942.5	\$959,310
EXTRACT	4.6%	\$66,861	\$802,332
TOPICAL/TINCTURE	3.2%	\$46,512	\$558,144
MERCHANDISE	2.1%	\$30,523.5	\$366,282
CAPSULE	1.1%	\$15,988.5	\$191,862
<b>TOTALS</b>		<b>\$1,453,500</b>	<b>\$17,442,000</b>

Sales, Units, and Price



Percent of Revenue



In addition to data-driven product line decisions, our Compliance Officer is responsible for researching all our nearby competitors to ensure that we provide the most favorable prices to our customers. Further, our managers perform 5-10 hours of market research each week through various industry trade magazines, blogs, and market reports to make sure our product selection includes not only well-known industry brands, but emerging craft producers that emphasize quality and sustainability. All our product offerings are featured on our website, which provides consumers with the opportunity to provide reviews and comments, and we constantly monitor this correspondence to better understand consumer preferences in different markets.

Different strains and products derived from cannabis provide a broad spectrum of effects and benefits ranging from pain relief to appetite stimulus, stress relief, and even metabolic functioning. OTC will offer an inclusive variety of cannabis and derivative products that provide relief to targeted ailments and will keep up to date with ongoing research by industry professionals to further refine product offerings to incorporate newly discovered benefits of cannabis use. Product offerings will be accompanied with educational materials and member support emails that discuss different types of cannabis and derivative products available as well as the different means for ingesting cannabis and recommended dosages. OTC's website will also provide information pages for all products sold at the National City location.

Below you will find a list of product types, product subcategories, as well as the suppliers that we intend on using at OTC. OTC has used data derived from Headset Insights and Treez Point of Sales Software to come up with its estimated sales percentages for our National City location. Overall, flower, including pre-rolls, still accounts for nearly half of all sales and we project it will account for roughly 40% of our sales in National City. Manufactured products will account for the other 60% of product sales. New edibles and concentrate products continue to drive increasing sales of non-flower cannabis products, but overall, our internal data and industry projections seem to agree

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that flower will continue to account for the largest percentage of sales for a singular product, with the varying manufactured products categories continuing to vie for increased market shares amongst consumer who prefer non-flower cannabis derivative products.

### **Flower**

Traditionally, flower comes in three main varieties: (1) Indica; (2) Sativa; and (3) Hybrid. These classifications have recently received criticism since the discovery of lesser-known compounds, such as terpenes and other cannabinoids, that better explain the effects of cannabis strains. OTC's training educates employees on 10-12 common terpenes as well as 8 different cannabinoids found in cannabis and their individual and synergistic effects so we can better assist our clientele with product selection. Flowers are typically consumed by smoking or vaporization and will be sold in the following increments: (a) grams; (b) 1/8 oz.; (c) 1/4 oz.; (d) 1/2 oz.; and (e) 1 oz.

- **Indica:** Indica provides relaxing, sedative effects. Indicas relieve pain, muscle tension, insomnia, anxiety, lack of appetite, ease spasms and reduce inflammation.
- **Sativa:** Known for treating depression, fatigue, and promoting creativity and sociability. Can mitigate effects of glaucoma and certain nerve conditions; effects vary across users. May aggravate anxiety and fibromyalgia.
- **Hybrid:** This term refers to in-between options, which lie between the energetic, stimulating Sativa and the relaxing, sedative Indica sides of the cannabis spectrum.
- **Pre-Rolls:** Pre-rolled joints are packaged flower rolled in smoking papers, novelty leaves or cellulose. Pre-rolls are convenient for consumption and allow users to enjoy flower without pipes or vaporizers.



**Brands:** Pacific Stone; FloraCal Farms; Blem; STIIIZY; Ember Valley; The Cure Company; NUG; Lolo; Claybourne Co.; Glass House Farms; Kush Company; Cannabiotix; WonderBrett; Autumn Brands; Connected Cannabis Co.; Alien Labs; Old Pal; Jeeter; West Coast Cure; Maven; Malibu Gold; Etc..

### **Concentrates**

product that refines flowers into something cleaner and more potent. Include hash, dry sift, as well as hash oils and indicates these products are a concentrated form of cannabis, carrying much higher potency. Extracts will be sold by the gram, 1/2 gram or milligram. Dosing warning/advisement will be provided for concentrates:

- **Vaporizer Cartridges:** A small, portable pre-filled concentrate cartridge for use with a vape pen or as a disposable.
- **CBD Crystalline:** non-psychoactive cannabinoid ingested/smoked to create a calming effect with no cognitive impairment.
- **Live Resin:** extract from fresh-frozen plants that preserve unique aroma/taste, versus dried plant used in other extracts.
- **Sugar/Sauce:** THCa crystallization mixed with cannabis terpenes, which forms an extract with sugary texture and sap-like consistency. High potency and strain-specificity with terpene-rich profiles make these a favorite amongst consumers.
- **Hash/Bubble Hash:** a potent powder, rock, or taffy like substance with trichomes containing high levels of cannabinoids. Hash oil or "honey oil" is a comparable product created through a solvent-based chemical process.
- **Dry Sift:** results of separating trichomes from cannabis. Kief holds high amounts of cannabinoids, making it a potent extract.

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-**Rosin:** solventless concentrate made by pressing flower or other material containing trichome/resin stalks at specific temperature and pressure. Contains full-spectrum of compounds from original plant, and doesn't involve toxic solvents.



**Brands** STIIIZY; Raw Garden; West Coast Cure; Wonderbrett; Dripp Extracts; URSA Extracts; Claybourne Co.; Rove; HUSH; Alien Labs; BEAR Labs; NASHA; Friendly Farms; 710 Labs; Buddies Brand; Off the Charts; Cresco Labs; Fatso; Honey Butter Rosin Co.; 1 Etc...

### Edibles

Edibles consumed orally enter the blood stream after being broken down in the stomach. These are created by infusing butter or oils with heat to create a decarboxylated medicated meal or treat. Most edibles on the market come in individual packages of 10 pieces with doses ranging between 0-10mg of THC/piece.

- Treats:** Cookies/Candies/Gummies/Chocolates- Consumables comprised of cannabis-infused butters and oils with differing cannabinoid concentrations. Edibles have delayed effects and must be taken cautiously with attention to dosage.
- Beverages:** Tea, Soda, Juice- Like edibles, beverages are infused with cannabinoids but in liquid form. Beverages provide users with another consumption option with similar release timelines and effects as other edibles.
- Sublinguals:** Sprays/Strips- A preferred consumption method for cancer patients. Direct sublingual application involves placing decarboxylated cannabis under the tongue, allowing cannabinoids to immediately enter the bloodstream through.
- Tinctures:** Concentrated liquid form of cannabis, typically made from glycerin or alcohol. Typically distributed sublingually via a medicine dropper for fast absorption. Similar effects as edibles; users feel results in less time than consuming edibles.
- Gelcaps (THC/CBD):** Made with extracted cannabis oil combined with another oil such as grapeseed or coconut oil. Capsules come in differing concentrations and are synthesized to concentrate select cannabinoids such as CBD, THC, CBN.



**Brands:** Heavy Hitters; PLUS Products; Procana; Cannavis; ABX; Buddies Brand; Kiva Confections; LEVEL; Flav; Kanha; Smokiez Edibles; WYLD; Proof; Papa & Barkley; TONIK; KEEF Brands; Emerald Sky; CANN Social Tonic; Kushy Punch; Kaneh; Venice Cookie Company; Etc...

### Topicals

A topical is any type of cannabis product, including lotions, balms or creams that are applied to the outside of a user's body to help with medicinal issues like body pain, skin problems, etc.

- Balms/Cremes/Lotions:** help to relax inflammation and relieve pain in areas where applied. They are great for muscular or joint pain, arthritis, sciatica, or targeting external pain *without psychoactive effect*.

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- Oils:** Cannabinoids in oils interact with receptors in the peripheral nervous system to promote system relaxation and relief of chronic pain issues making for beneficial use in massages and other applications.
- Transdermal Patches:** Transdermal cannabis patches are adhered to venous areas of the body and allow cannabinoids to work by entering the bloodstream for an effective and long-lasting response.
- Soaks:** Cannabis bath soaks combine various herbs and aromatics with the healing benefits of CBD and THC. Soaks have similar properties as other topicals and do not produce any psychotropic effects.



**Brands:** Kush Queen; Papa & Barkley; Yummi Karma; Proof; Dr. Raw; Mary's Medicinals; Cannariginals

**OTC Branded Products:** OTC's proposed product line also features a variety of our own branded products that have been white labeled by some of our most trusted industry partners. OTC-branded products account for roughly 15% of our overall sales between all locations and we have developed many sales strategies to both promote the brand and ensure consistency of purchasing trends. We offer a diverse strain profile of flower in increments of 3.5 grams (1/8 oz) or 1 oz and various forms of concentrate in one gram packages; this includes badder, crumble, diamonds and sauce. We have partnered with Fox Marketing for our packaging and labeling design, and they help us remain compliant with all packaging and labeling laws and keep us up to date on any changes in these regulations. We have achieved a certain level of brand loyalty for our in-house products with a portion of the San Diego County population through our operation Vista, but we are excited to offer these products to our National City clients and introduce them to a heightened level of quality they have not yet seen.



**Product Procurement: Social Equity:** Our product procurement policy for cannabis goods is to work with cultivators, manufacturers and distributors that either have equity ownership or incorporate a commitment to social equity through their own individual hiring practices, community benefit initiatives and overall core values as an organization. We allocate a percentage of SKU's offered at our store that are produced by social equity operators and adhere to this minimum percentage through all of our product procurement strategies. Through our work in Los Angeles, we have developed a network of social equity operators that can supply us with their products on a regular basis. Such brands include, but are not limited to: (1) Gorilla Rx (2) The Farmer and The Felon; (3) Cannabis On Fire; (4) DIOS (Doing It Ourselves); (5) Emerald Sky; (6) Gift of Doja; (7) KGB Reserve; (8) LOBO; (9) Peakz; (10) Sanctuary Farms; and (11) SF Roots. We continue to look for additional social equity brands to carry at our store over time and evaluate their sales performance using data from Treez and Headset to potentially increase the minimum percentage of social equity cannabis goods over time. We also have sales representatives from these social equity brands come to the store to discuss their commitment to social equity and what steps the company is taking to meet these goals. These training sessions are imperative for our staff to understand the importance of social equity and how this concept fits into our overall framework.

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SUPPLIER RELATIONSHIPS	
DISTRIBUTOR	CONTACT
MAMMOTH	KANDICE@MAMMOTH.ORG
HERBL DISTRIBUTION	TGIGLIOTTI@HERBL.COM
KIVA CONFECTIONS	MEGAN@KIVACONFECTIONS.COM
CONTINUUM	CHRISTINA.BULLARD@CRESCOLABS.COM
PURPLE STAR MD	EDWARDSCHWARTZ3@GMAIL.COM
CALIFORNIA STATE DISTRIBUTION	SARAH@NWCONFECTIONS.COM
XTRACTA	ORDERS@XTRACTADISTRO.COM
CANN DISTRIBUTOR INC.	JOE@CANNADT.COM
EVENT HORIZONS TECHNOLOGIES	MALLORY@FLOWKANA.COM
FIRECUT	CHRISTIAN@FIRECUTLLC.COM
GREEN DAGON	DRUBIN@GREENDRAGONDISTRO.COM
GRIZZY PEAK FARMS	JR@GRIZZLYPEAKFARMS.COM
LEGION OF BLOOM	MATT@THELEGIONOFBLOOM.COM
BMPK INC.	JT@KINDCOUNTYFARMS.COM
CANNA-RISE	CARLOS@CANNA-RISE.COM
LITTLE COTTAGE CAREGIVERS LLC	CAVIARGOLDNORCAL@GMAIL.COM
GANJA GOLD	BALFREY@GANJAGOLD.COM
SUBLIME MANUFACTURING	ANTHONY@SUBLIMECANNA.COM
PM OAK LLC	MEAGHAN@PAPAANDBARKLEY.COM
JBTB	THOMAS.UNGERECHT@SHRYNEGROU.P.COM
CALIFORNIA LOYAL, INC	GRANT@BLOOM.FARM
CRÈME DE CANNA	CATHERINE@CREMEDECANNA.COM
BOUTIQUE UNLIMITED	SHEGARTY@BUDISTRO.COM
CAPITOL COCOA, INC.	KELLY@SOLDISTRO.COM
EMERALD FAMILY FARM DISTRIBUTION	CARRIE@EMERALDFAMILYFARMS.COM
FUTRUE2 LABORATORIES	JON@FUTURE2LABS.COM
INDUSTRIAL COURT	MALEXANDER@FALCONBRANDS.COM
KOROVA	JOAQUINR74@GMAIL.COM
LBS DISTRIBUTION	AARONV@LBSDISTRIBUTION.COM
LOWELL	PAUL@THEHACIENDA.COM
MAVEN PRODUCTIONS	AMBER@MAVENMVN.COM
NABIS	SID BECKER (925.389.0785)
OZ DISTRIBUTION	ROSIE.YAMAT@GMAIL.COM
PACIFIC ORGANIC WELLNESS	BRENDANRUH@GMAIL.COM
RIVER DISTRIBUTION	PATRICK@ALTA.COM
SONOMA PACIFIC DISTRIBUTION	DANIEL@SONOMAPAC.COM





### A.2.1.F DELIVERY PROCEDURES

Our Delivery Plan has been developed to align with and exceed minimum requirements of the Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA), specific requirements for retailers and transportation promulgated by the DCC, and all associated provisions of the NCMC. We have incorporated increased safety protocols, robust customer authentication policies, and traffic sensitivity measures to our Delivery Plan. As with the overall business operation, the Delivery Plan incorporates environmentally conscious practices that are balanced with safety and security for our employees and the overall community. Our implementation of efficient technology and equipment and our commitment to compliance and sustainability is further testimony to our steadfast support of National City and the city's efforts to reduce greenhouse gas emissions.

#### *Personnel*

OTC implements integrative hiring practices to build a dynamic Delivery team. We seek motivated individuals and provide extensive training thereby remaining consistent with our mission to help our employees flourish; an approach that benefits both the community and our bottom-line. In addition to company-wide benefits, Deliver Drivers develop problem solving and reasoning capabilities through logistics coordination, hone customer relations and communications skills, and build personal and professional networks. Delivery drivers must be 21 years of age pursuant to State Law (4 CCR § 15415(b)) and have a Class C Driver's License, with preference given to applicants with two or more years with no accidents prior to applying and no points on their Driving Record within the 3-year period prior to applying. OTC maintains a current database of delivery employees with local and state agencies (4 CCR § 15415(g)).

#### *Delivery Vehicles*

We will provide the following information to the City before commencing delivery operations:

- Proof of ownership or a valid lease for each vehicle (NCMC § 9.60.270(A))
- The year, make, model, color, license plate number, numerical Vehicle Identification Number (VIN) for all vehicles used to deliver cannabis goods NCMC § 9.60.270(B)
- Proof of Insurance as required by (NCMC §§ 9.60.210(B) 9.60.270(C))
- The above information for any additional vehicles we add to our fleet or any changes to the above information within thirty (30) calendar days NCMC §§ 9.60.210(D)

OTC has sensibly selected safe and efficient equipment for delivery operations. We are purchasing four (4) delivery vehicles and outfit each to meet local and state specifications. OTC's fleet is comprised of the Toyota Prius, which provide benefits to drivers and supports our core value of environmental consciousness. The Toyota Prius has state-of-the-art safety mechanisms, including integrated sensors for pre-collision and pedestrian detection, vehicle proximity notification system, and advanced airbag systems. All vehicles are equipped with a built-in alarm system (4 CCR § 15417(c)). OTC's fleet is regularly serviced to avoid mechanical or technical issues. The hybrid engine affords 52 MPG and is lauded as one of the most environmentally progressive vehicles available. OTC will maintain a detailed list of delivery vehicles including make, model, color, VIN#, license plate number, and DMV registration (4 CCR § 15417(e) & NCMC § 9.60.270(B)). There is no exterior signage/marketing that identifies OTC's vehicles as cannabis delivery vehicles (4 CCR § 15417(a)).

#### *Product Security During Transport*

Each delivery vehicle is capable of securing cannabis goods during transportation (4 CCR § 15417(b)). Our entire fleet is integrated into our OnFleet transportation and logistics platform. OnFleet links each vehicle to a Global Positioning System (GPS) and works in conjunction with Treez POS that tracks and records the following information:

- 1) The time that our Delivery Driver leaves our facility
- 2) The time that our Delivery Driver completes a compliant transaction
- 3) The time that our Delivery Driver returns to our facility



- 4) Our Delivery Driver's travel route between departing our facility, traveling between delivery locations and returning to the premises
- 5) The identification of our Delivery Driver
- 6) The vehicle used to conduct the compliant delivery
- 7) The identity of the receiving customer or medical patient
- 8) The type and quantity of cannabis goods included as part of each order being delivered
- 9) The dollar amount we are charging for the delivery

OnFleet's program and equipment provide real-time location monitoring, electronic logging capabilities, and reports for fuel consumption and driver route performance. Any information requested by the DCC regarding location and delivery routes will be immediately accessed through the system and dutifully supplied. All Delivery Vehicles are outfitted with Tuffy Tactical Security Lockboxes for added security (4 CCR § 15417(b)). Lockboxes are installed and secured into the trunk of each car. Lockboxes are also outfitted with climate control technology that maintain the quality and integrity of perishable cannabis goods. Each driver is required to put products and cash from transactions in the lockbox while driving. Products will only leave the safe when a Delivery Driver performs a delivery at a verified private location or when restocking. Cash remains in the lockbox until the driver gets back to the facility and is ready for transfer.

Delivery vehicles do not display advertising or symbols visible from the exterior of the vehicle that suggest the vehicle is used for cannabis delivery or affiliated with a cannabis retailer (4 CCR § 15417(a)). Delivery vehicles will maintain solid exterior colors with no additional markings. Delivery Drivers are prohibited from adding any identifying features to the vehicles such as bumper stickers. In addition to securing the vehicle against outside visibility, we have designed transportation packaging and odor mitigation protocol to further prevent detection of cannabis goods. First, all transported cannabis shall be placed in opaque containers that preclude visibility and identification of cannabis goods before being placed into the Tuffy Tactical Lockbox. This opaque packaging is in addition to the sealed packages that licensees are required to use, and it allows us to transport cannabis goods in as nondescript a manner as is feasible. OTC also implements activated charcoal odor absorption bags in any cargo bays to mitigate the possibility of identification through odor.

All vehicles are outfitted with dashboard cameras for added security. Delivery vehicles are parked onsite in designated spaces during non-operational hours and during operational hours when they are in use. OTC does not deploy unmanned vehicles "self-driving cars" (4 CCR § 15311(e)). Our facility has enough parking to accommodate all vehicles and we utilize quiet hybrid vehicles, preventing delivery-related vehicle noise from becoming a nuisance to the surrounding community.

### ***Safety Measures***

OTC complies with all safety regulations and take further measures to protect its employees and the community. OTC's no chase policy and robbery management training teach de-escalation techniques and emphasize safety. Drivers are instructed to comply with state regulations involving safety and do not travel with cannabis goods worth excess of \$5,000 at any time. The value of cannabis goods carried in the delivery vehicle for which a delivery order was not received and processed prior to the delivery driver's departure does not exceed \$3,000 (4 CCR § 15418(a)). Drivers shall keep cannabis goods in Tuffy Tactical Security Lockboxes for added security, which are not visible to the public (4 CCR § 15417(b)). Lockboxes are installed and secured into the trunk of each car. At no time will a delivery employee leave cannabis goods in an unattended vehicle unless the vehicle is locked and equipped with an active alarm system (4 CCR § 15417(c)).

Vehicles are outfitted with a digital panic button, which Delivery Drivers can deploy in the event they feel their safety is threatened. This function notifies Dispatchers, Managers and local authorities of the driver's location. We adhere to a strict no tolerance policy with respect to the non-consumption rule for drivers, and each delivery employee will be made duly aware of the provision and provide a signed acknowledgement (4 CCR § 15419).

Delivery drivers are instructed to utilize hands free calling via voice command technology and to obey California traffic regulations – always maintaining awareness of road and traffic conditions. We believe our equipment and





safety protocols are in the best interest of the employees, the company, and the community. OTC implements a zero-tolerance hands-free and distracted driving policy for its delivery drivers and other employees. Employees are not permitted to operate a motor vehicle while performing tasks that may cause distractions. This includes using a wireless communications device to text, compose, read, or send an electronic message, when the motor vehicle is in motion and while in traffic. This prohibition is effective during employees' work schedule including when the employee is conducting business on behalf of OTC. If an employee must make a call, including an emergency call (911), the motor vehicle should first be parked in a safe location. All OTC employees and motor vehicles are covered under the Federal Motor Carrier Safety Administration (FMCSA) rules specifically prohibiting drivers of commercial motor vehicles (CMVs) from texting or using hand-held mobile phones while operating their vehicles. Each vehicle is equipped with hands free Bluetooth calling and integrated voice command technology to reinforce this policy.

### ***Insurance***

OTC maintains an automotive liability insurance policy that exceeds the state insurance and bond requirements (NCMC § 18-535(u) & NCMC § 9.60.190(B)). The company also pledges to maintain workers' compensation insurance while the license is in effect.

### ***Pre-Registration of Delivery Customers***

OTC preregisters all clients prior to delivery. OTC receives orders through online (automated) and telephone (manual input) using Treez POS. OTC anticipates processing both adult use and medical delivery orders. Preregistration procedures for different types of orders mostly vary with regard to additional medical recommendation and patient info necessary to preregister medical orders. Age identification and address verification are two necessary preregistration steps for all clients.

### ***Order Processing and Correspondence***

Delivery orders are submitted with government-issued ID that confirms identity and that an individual is over 21 years old, or 18 years of age along with a valid physician's recommendation for medical patients (NCMC § 9.60.260(B)). Online orders require a scanned copy of the client's government- issued identification. Phone orders are not processed until customers send proof of identification to a secured email address or via SMS message. Upon receiving the party's government-issued identification, Dispatchers verify documentation through Treez, which immediately compares a data entry for instant age verification. Dispatchers verify delivery address along with all identification provided before processing orders and assigning deliveries to Delivery Drivers. Notifications are sent to customers and patients once identification is verified and additional notifications are sent throughout the process of delivery to update the customer or patient on their order status.

### ***Delivery Medical Recommendation Verification***

Dispatchers electronically verify the medical recommendation or contact the physician to confirm the validity of the recommendation before processing a delivery order for all new medical patients. Dispatchers print a copy of the recommendation or Cannabis Card and current identification to be retained as a hard copy in our records. Additional medical documents, such as permission for usage in excess of State limits, are requested from new patients ordering online, copied into patient records, with a printed copy filed on-site. Delivery Drivers are tasked with capturing in-person photographic proof of recommendation and identification a second time upon delivery. All delivery processes and procedures comply with laws pertaining to confidential medical information.

### ***Delivery Address Verification***

OTC staff is responsible for verifying delivery addresses to confirm that it meets the requirements of local and state laws. We only deliver to residential addresses and never to commercial addresses; it is the responsibility of the Dispatcher to verify the designation of the address upon receipt of an order and confirm that the delivery address is residential . This same prohibition applies to delivery addresses located on publicly owned land or any building leased by a public agency (NCMC § 9.60.330(A)). Deliveries are not permitted on sensitive uses designations such as schools, daycares, churches, government property, whether state or federal, or on publicly owned land/property leased by a public agency(4 CCR § 15416). We never sell or deliver cannabis goods by any means or method to any person within a motor vehicle. Dispatchers input a delivery address upon receiving an order to verify it does not fall within any sensitive use designations. Next, given that OTC will only deliver to customers within a 20- mile radius, staff



will enter the address into Treez POS to ensure the address falls within 20 miles of the store. The company will seek approval and necessary permitting from cities that fall within the delivery area prior to operating in other jurisdictions. Any order from an address that does not comply with the government property prohibition or is not within the delivery radius will be cancelled and notification will be sent to the ordering party.

### ***Confirmation of Documentation at Delivery***

Drivers must verify registration documentation at delivery before handing over cannabis goods. Drivers have access to Treez's compatible ID Scanner for authentication purposes. The delivery manifest includes a copy of patients' recommendation for deliveries to medical patients; Delivery Drivers must verify the patient's original physical copy of their recommendation matches the scan sent along with the manifest. Delivery Drivers must capture photographic proof of patients' original documentation at delivery. Drivers are instructed to cancel orders where the receiving party fails to provide matching and verifiable documentation. Cancelled orders are recorded in Treez POS, the cannabis goods are placed back in the delivery vehicle's Tuffy Tactical Lockbox and the cannabis goods are not removed until the Delivery Driver returns to our facility. Orders that are not delivered for any other reason are treated as cancelled as well and the same protocol is followed.

### ***Scope of Delivery***

The delivery process begins when an authorized delivery agent exits a licensed premises with cannabis goods for delivery and concludes when a that agent returns to the premises after delivering the cannabis goods to the customer(s) (4 CCR § 15421). Delivery Drivers only travel from our licensed premises to the delivery address, from one delivery address to another, or from a delivery address back to the licensed premises. Delivery Drivers do not deviate from the provided course except for necessary rest, fuel, vehicle repair stops, or because road conditions make continued use of route unsafe, impossible, or impracticable (4 CCR § 15421). OTC institutes a no tolerance policy for deviating from GPS generated routes absent valid explanation, which is confirmed by reviewing GPS data. OnFleet consolidates reports on driver activity and performance to provide the most current information on our drivers. All Delivery employees are adequately trained in delivery logistics compliance and provided are with fair warning as to the no tolerance policy.

Drivers wear a serialized employee identification badge and carry proper documentation at all times during delivery, including a copy of OTC's current state license, commercial cannabis business permit and the employee's driver's license. These items are available and provided upon request at any time to law enforcement. Delivery Drivers also carry and make available a physical manifest of all delivery orders. Treez's software generates a delivery request receipt containing:

- The name and address of the retailer
- First name and employee number of the Delivery Driver
- first name and employee number of the Dispatcher who prepared the order
- First name of customer and customer number
- Date and time delivery request was made
- Delivery address
- A detailed and accurate list of cannabis goods ordered
- Total amount paid for delivery including taxes and fees

Delivery Drivers make notation of delivery time, obtain customer signatures, and provide customers with a signed copy of the delivery receipt upon delivery. The Delivery Driver keeps a signed copy of the delivery request receipt in accordance with State Law (4 CCR § 15420).

OTC's delivery procedures include shared logistics mapping and coordination responsibilities between Drivers and Dispatchers. Policies include having at least one Dispatcher on-site for every two Drivers during any given shift. Drivers are typically sent out to fulfill 3- 10 delivery requests per route and Dispatchers are responsible for organizing a route based on orders that are in the queue. Orders are prioritized based on the time they were received, but dispatchers also use OnFleet's GPS route functions to help map out an efficient route. OnFleet's software is capable of mapping an optimally efficient route based on addresses entered into its database, but Dispatchers are

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capable of manually overriding these efficient routes to ensure that earlier in time orders are taken into consideration and that we maintain our 90 minute delivery time. Dispatchers prepare routes and orders for Delivery Drivers who must confirm the delivery route and order manifest before leaving the facility for a new delivery.

### ***Additional Delivery Materials***

We view our delivery service as an extension of the incomparable customer experience provided at our retail storefront. We always ensure that our delivery customers are as protected and informed as our in- person customers. Each of our delivery orders is accompanied by the notifications that are provided via signage in our retail storefront. These notifications are provided in the form of a physical document and are attached to the client's delivery receipt:

1. "The sale or diversion of cannabis or cannabis products without a permit issued by the City of National City is a violation of State law and the National City Municipal Code"
2. "Secondary sale, barter or distribution of cannabis or cannabis products purchased from a permittee is a crime and can lead to arrest"
3. "CALIFORNIA PROP. 65 WARNING: Smoking of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer."

We also ensure that all of our customers and patients who receive deliveries are provided with the same educational materials that they would be able to access at our retail storefront. These educational materials and additional necessary information about cannabis accompany each delivery. We provide educational materials that cover specific details of each product including information regarding the type of product, instructions for use and expected effects. Any time a delivery includes edible cannabis products or cannabis concentrate products, we provide educational materials that inform customers and patients on safe storage and use of the product, warning against child access and exposure to the product, warnings of potential side effects concerning the brain development of individuals under the age of 25 and potential harm to pregnant women. We consistently evaluate our educational materials over time to ensure our customers are receiving the most up-to-date information about cannabis and look to help them make informed purchasing decisions.

### **A.2.1.G LOCAL AND STATE COMPLIANCE: RETAIL**

OTC has a demonstrated record of compliant operations in the cannabis industry and ancillary highly regulated industries. Our perfect track record of compliance is exemplified by 3+ years of operating multiple businesses in California's heavily regulated cannabis industry. This includes the entire process from submitting competitive applications for cannabis permits in local jurisdictions to post licensing compliance and operations. Our owners and managers are experts in compliance with MAUCRSA and are well versed in all additional regulations promulgated by the DCC, as well as the additional regulations and guidelines promulgated by ancillary organizations and regulatory bodies at the local, state and federal level. Our compliance record in commercial cannabis extends to 3 licensed operations with 5+ collective years of operating without a single compliance violation. Our owners and managers have a complete understanding of the entire supply chain and how each of these regulatory bodies factor into compliant operations for a retail storefront, distribution service, manufacturing facility and any other business OTC plans to operate.

The following includes an outline of the various local laws and state regulations that are incorporated into OTC's Standard Operating Procedures to ensure sustained compliance:

#### ***NCMC § 9.6.230 General Operating Requirements***

**NCMC § 9.60.230(A):** After obtaining local and state permits, OTC will only operate at the proposed location during the hours approved by the City of National City (9:00am-9:00pm).

**NCMC § 9.60.230 (B):** OTC stores cannabis in the designated Retail Fulfillment Storage Room that precludes visibility of the products inside. Our retail display area is not visible from the outside of the facility and is the only place that cannabis goods or graphics will be displayed. No cannabis goods, graphics, logos or signs are visible from the exterior of any of our delivery or distribution vehicles. OTC maintains a strict prohibition of onsite cannabis



consumption that is reinforced by Security Personnel and management. Please see our Neighborhood Compatibility Plan for further detail on our onsite consumption prohibition.

**NCMC § 9.60.230(C):** OTC implements a robust inventory tracking and point of sale management system that tracks and reports on all aspects of our operations, including cannabis tracking, gross sales, inventory data, gross sales by weight and by sale and other information deemed necessary by the city. This platform is compatible with all of the City's recordkeeping systems and has the capability to produce historical transactional data for review and audit trails. We only use this system once we have received approval and authorization from the City Manager.

**NCMC § 9.60.230(D):** We only carry cannabis goods that have been cultivated, manufactured, distributed, tested or sold by operations that are licensed by the Department of Cannabis Control (DCC) and that maintain compliance with the State of California and local regulations. All of our cannabis goods are acquired from licensed distributors, and we reject any shipments cannabis goods from entities that cannot produce a valid license number or a compliant shipping manifest.

**NCMC § 9.60.230(E):** We are providing the City Manager with the name, telephone number (both landline and mobile) of an onsite manager/owner whom emergency notice may be provided at any hour of the day.

**NCMC § 9.60.230(F): Signage and Notices**

- **NCMC § 9.60.230(F)(1):** All of our signage complies with state law and NCMC § 90-1244; this includes the requirements for obtaining a sign permit as well as applicable zoning laws regulating signs.
- **NCMC § 9.60.230(F)(2):** OTC's signage is never be placed in a way that obstructs any entrance, exit or window of the building.
- **NCMC § 9.60.230(F)(3):** OTC places signage at each entrance indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the commercial cannabis is prohibited. Security personnel are responsible for enforcing OTC's no consumption policy in and around the premises.
- **NCMC § 9.60.230(F)(4):** Our facility features all of the required notifications in the form of both signage and written agreements depending on the notification. Our signage includes all of the required notices in NCMC § 9.60.230(F)(1-6).
- **NCMC § 9.60.230(F)(5):** OTC's signage does not include any depictions of cannabis or cannabis products.
- **NCMC § 9.60.230(F)(6):** We never place advertisements on a billboard, bus shelter or bench, placard, aircraft, or other similar forms of advertisement methods.

**NCMC § 9.60.230(G):** OTC only employs individuals over the age of 21. OTC's strict verification process ensures that we never allow any individual under the age of 21 onsite without proper identification, unless the individual is between the ages of 18-21 and provides a valid ID and doctor's recommendation. We post signage at the entrance of the facility stating that no person under the age of 21 years of age is permitted to enter.

**NCMC § 9.60.230(H):** OTC implements odor mitigation technology and methods that prevents the business from being identified as a commercial cannabis business from the outside. We implement carbon filters in our exhaust system and maintain negative pressure within the facility to deter cannabis odors from being emitted from our facility.

**NCMC § 9.60.230(I):** Commercial Cannabis Business Permits and State Licenses are always posted in multiple locations throughout our facility interior and exterior in an location that is readily visible to the public.

**NCMC § 9.60.230(J):** OTC ensures that all owners, managers, and employees submit fingerprints and background check information to the City of National City Police Department prior to commencing operations or onboarding new employees.

**NCMC § 9.60.230(K):** We maintain a strict prohibition of loitering within the premises, and adjacent public areas. We always cooperate with local law enforcement that is dispatched to enforce loitering and we prominently post signage to communicate the prohibition of loitering.



**NCMC § 9.60.230(L):** We conduct a variety of training protocols to ensure competency of employees for their assigned functions. Training is conducted during onboarding with supplemental training occurring within the first year of an individual's employment and on an ongoing basis. We maintain records of all training for at least two years and our training records are available to the City Manager at any time.

**NCMC § 9.60.230(M):** Our facility and personnel meet and exceed all of the security requirements promulgated by NCMC § 9.60.230(M); please see D. Security Plan for further detail.

**NCMC § 9.60.230(N)(1-5):** We maintain accurate books and records in electronic format detailing the revenues and expenses of the business, and we provide the City with a statement detailing the number of sales, gross sales and all taxes and fees to be paid on an annual basis. We also work with an independent certified public accountant to conduct a regulatory compliance review and financial audit. We maintain a current register of all individuals holding any sort of interest in the commercial cannabis business as well as a list of all officers, managers, employees, agents and volunteers currently employees or otherwise engaged by the business, which include their name, address and telephone number. We also maintain an inventory control and reporting system that accurately documents the present location, amounts and descriptions of all cannabis goods on the premises; more detail is provided

***NCMC § 18.533 Operating Requirements for Retail Storefront***

**NCMC § 9.60.250(A):** OTC's strict verification process ensures only qualified individuals enter the sales floor. We never allow any individual under 21 onsite without proper identification, unless the individual is between the ages of 18-21 and provides a valid ID and doctor's recommendation. Further, cannabis specialist verify each clients identification, and, if applicable, medical recommendation at the sales counter prior to finalizing a transaction. We post signage at the entrance of the facility stating that no person under the age of 21 years of age is permitted to enter.

**NCMC § 9.60.250(B):** Our facility's entrance is locked at all times and we use a "buzz-in" electrical/mechanical system to limit access to the retailer and separate the Retail Area from the lobby or reception area

**NCMC § 9.60.250(C):** The quantity of cannabis and cannabis goods kept onsite in the Retail Fulfillment Storage Room and/or on the Retail Floor does not exceed the daily demand. We keep all other inventory stored within the Secure Storage Room, which is a limited access area that is only accessible to authorized personnel.

**NCMC § 9.60.250(D):** Restrooms at OTC remain locked at all times, unless management authorizes its use

**NCMC § 9.60.250(E):** We have designed our facility with separate Limited Access and Public Access areas. Limited Access Areas are restricted to OTC's authorized agents, applicants, managers, employees or volunteers, while Public Access Areas are accessible by our customers, patients visitors and other members of general public. Any authorized agent or visitor requiring access to the limited access area are required to log into the visitor log and must be always accompanied by an OTC employee while on the premises.

**NCMC § 9.60.250(f):** All Distribution, Retail and Manufacturing areas of the microbusiness premises are separated from each other by a wall and all doors remain closed at all timed when not in use

**NCMC § 9.60.250(G):** After obtaining local and state permits, OTC will only operate at the proposed location during the hours approved by the City of National City (9:00am-9:00pm).

**NCMC § 9.60.250(H):** Our Security Plan has been drafted by ArmorTech security and incorporates all provisions within NCMC § 9.60.230(M); see D. Security Plan for further detail.

***NCMC § 9.60.260 Operating Requirements for Retail Deliveries***

**NCMC § 9.60.260(A):** OTC only operates out of the proposed location during the hours approved by the City of National City (9:00am-9:00pm).

**NCMC § 9.60.260(B):** OTC never conducts transactions with any individual under the age of 21 without proper identification, unless the individual is between the ages of 18-21 and provides a valid ID and doctor's recommendation. Our online verification process requires clientele to upload a picture of their identification, and, if



applicable, doctor's recommendation prior to completing a delivery order. Upon making a delivery, the delivery driver check the customers documentation a second time to ensure they possess the correct documentation at the time of the transaction.

**NCMC § 18.534(Q):** OTC is obtaining obtain all the necessary permits and licenses prior to conducting cannabis sales within the city of National City.

**NCMC § 9.60.270 In-City Delivery Vehicle Requirements:** See A.1.F Delivery Procedures above for a compliance overview of how we meet and exceed the delivery vehicle requirements promulgated by NCMC § 18.535

### ***NCMC Title 18 Compliance***

**Chapter 18.40 General Standards:** We are taking comprehensive measures to ensure that the integration of our commercial cannabis microbusiness into National City maintains the local environment of stable and desirable character, is compatible with existing and future development, and protects the use and enjoyment of neighboring properties, all of which are consistent with the National City General Plan. No activity is conducted which violates the standards of the Noise Control Ordinance (NCMC Title 12). No visible dust, gasses, or smoke are emitted as a result of our commercial cannabis operations. No liquid is discharged into a public or private body of water, sewage system, watercourse, or into the ground, except in compliance with applicable regulations of the Regional Water Quality Control Board. No obnoxious cannabis odor or fumes are emitted that are perceptible without instruments by a reasonable person at the property line of the site; see the Odor Control Plan within Section E: Neighborhood Compatibility for further detail.

**Chapter 18.42 Building Design Standards:** We are focusing our efforts on good building design in order to create a quality image for the city, ensuring that any building additions are compatible with our surroundings and conducting all facility modifications in a way that enhances city's economic vitality. We are ensuring that the building has articulation on at least three sides of the public-facing façade by use of color, changes in materials, arrangement of façade elements (such as insets, offsets or varying setbacks, canopies, window recesses, arches, arcades or colonnades, varied roof planes, vertical projections, and fenestration). The façade can withstand the abuses of weathering and possible defacing due to vandalism and is made from a material that is easily maintained and attractive from any distance. The building's roofline is consistent with its mass and scale, and the roofline meets at least two of the following requirements: (1) Decorative parapets that are a minimum of 3' in height; (2) A three-dimensional cornice treatment a minimum of 12" in height; (3) Overhanging eaves that extend at least 2' beyond the façade; and/or (4) Three (3) or more roof planes.

Any use of colors on the exterior of a building are limited to an appropriate and complementary palette that is compatible with neighboring buildings and cohesive with the community aesthetic. Large areas of intense white color are avoided on all parts of the building except for the roof. Trash enclosures comply with all Requirements comply with NCMC § 7.10.080.

**Chapter 18.43 Fences and Walls:** Our facility's fencing and walls are designed to enhance the aesthetic appearance of property by providing standards relating to the quality of design materials, to create buffers between different land uses and to protect the public health, safety, and welfare. The facility's fencing is constructed of new or good used material, and all fences and walls shall be kept in good repair and adequately maintained. Any dilapidated, dangerous, or unsightly fences or walls shall be removed, unless otherwise required, or repaired. The fencing/walls do not exceed eight feet (8') in height, and we do not use any prohibited materials or designs such as barbed wire, electric fences, concertina or razor wire fences.

**Chapter 18.44 Landscaping:** We are working to comply with NCMC § 18.44.990 and ensure that a minimum of 20% of the net lot area is landscaped. All landscaped areas will have a minimum of one foot depth of uncompacted soil provided for water absorption and root growth. A minimum of two to three inches of mulch such as ground bark or other composted organic material will be added in each non-turf area to the soil surface after planting; Any plant type that is intolerant to mulch is excluded from this requirement. We are ensuring that a minimum of one shade canopy tree is planted for every seven parking spaces in a parking lot for all zones. A permanent underground

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irrigation system is being installed for all landscaped areas. All newly implemented landscaping features drought-tolerant plant species in alignment with the later version of the Sunset Western Garden Handbook.

### **Chapter 18.45 Off Street Parking and Loading**

Our parking lot complies with the parking requirements promulgated by NCMC § 18.45.050. The facility amasses # total square feet. Retail accounts for 40% of the facility's total square footage at 1,727 sqft, which applies the requirement of 1 parking space per 250 sqft to this portion of the facility. The remaining 60% of the overall square footage, 2,792 sqft, is for Distribution and considered Industrial use, which applies the requirement of 1 parking space per 1,000 sqft. Thus, NCMC § 18.45.050 requires us to have at least 10 total parking spaces. Our facility meets and exceeds this requirement with 13 parking spaces.

We also maintain compliance with the bicycle parking requirements of NCMC § 18.45.120(A-B) to encourage alternate modes of transportation and help National City reduce overall carbon emissions. We maintain the ratio of 1 bicycle parking space per 20 vehicle spaces, and bicycle parking spaces are sized at thirty inches wide and six feet long per bicycle with a five-foot maneuvering space behind the bicycle.

### **Chapter 18.46 Outdoor Lighting**

All outdoor lighting fixtures shall be designed, shielded, aimed, located, and maintained to shield adjacent properties and to not produce glare onto adjacent properties or roadways. Parking lot light fixtures and light fixtures on buildings shall be full cut-off fixtures. Street lighting is provided in accordance with the requirements of the National City Standards Manual. We do not use any flashing, revolving, intermittent exterior lighting or internally illuminated signs, or high intensity light beams, such as, but not limited to, outdoor searchlights, lasers, or strobe lights. All sites on the facility premises are well lit so as to provide safe pedestrian and vehicular access and to eliminate dark areas. All security lighting fixtures are shielded and aimed so that illumination is directed only within our property boundaries and not cast on other areas. In no case is any lighting directed above a horizontal plane through the top of the lighting fixture, and the fixture includes shields that prevent the light source or lens from being visible from adjacent properties and roadways. Our security lighting is motion sensed to avoid excess light pollution on surrounding areas.

### **Chapter 18.47 Signs on Private or Public Property Not Owned By The City of Affiliated Agencies**

All signage is planned in accordance with NCMC § 18.47.020(D), which requires that the signage maintains the following core principles:

- 1) Serves the governmental and public interests in controlling visual clutter, community aesthetics and safety of drivers, passengers, and pedestrians
- 2) Aids in the identification of properties, land uses, enterprises and other establishments
- 3) Enhances the general appearance and esthetics of the urban environment
- 4) Protects the natural beauty of the city's open space.

We maintain message neutrality, obtain a signage permit for all signage and do not use any of the prohibited signs listed in NCMC § 18.47.070. Signage never depicts cannabis, cannabis goods, consumption of cannabis or any cannabis brand details or logos that may insinuate the operation of a commercial cannabis business. We maintain all of our signs in accordance with NCMC § 18.47.150.

### ***Compliance with MAUCRSA***

OTC meets and exceeds the requirements of MAUCRSA for track and trace, inventory, returns, destruction of products, waste management, environmental sustainability, records retention and various other operational requirements. Our ownership team is comprised of experienced individuals who currently operate and manage other licensed commercial cannabis businesses all across California. We will apply their extensive experience to their operation in National City and execute all areas of operations in compliance with state laws in addition to our efforts to comply with the National City Municipal Code. The following summarizes our commitment to compliance in key provisions of the MAUCRSA and how we exceed some of its minimum requirements.

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**Track and Trace:** We utilize Treez POS software for electronic tracking and storage of required sales records, delivery manifests and inventory that exceed the minimum track and trace requires promulgated by the Department of Cannabis Control (DCC). Treez integrates with Metrc to create an inventory management platform with double verification and seamless integration. All required data points are first entered into Treez, which automatically updates data in our Metrc account. The system helps us exceed the minimum requirements of 4 CCR §§ 15034, 15049, 15049.2, 15050, and 15051.

**Inventory:** Our robust inventory management control and reporting system allows us to account for all cannabis goods in possession at any given time while preventing the theft and diversion of these cannabis goods to minors and/or the illicit market. This applies mainly to 4 CCR §§ 15034, 15309, 15423 and 15424.

**Waste Management:** OTC stores, manages and disposes of cannabis waste in accordance with waste management laws, including 4 CCR § 17223 and Division 30 of the Public Resources Code. This entails the following core principles: (1) Secured waste storage is separate from cannabis product storage and traditional waste storage; (2) Waste be rendered unusable prior to disposal; and (3) Waste is tracked per 4 CCR § 15049(b)(5).

**Operational Requirements – Storefront Retail:** All OTC retail operations are conducted within the scope of compliance with 4 CCR § 15402-15413 and additional regulations. These regulations are woven into the framework of all Business Plans, Operating Plans and SOPs.

**Operational Requirements – Non-Storefront Retail:** All OTC delivery operations are conducted within the scope of compliance with 4 CCR § 15414-5427 and additional regulations. These regulations are woven into the framework of all Business Plans, Operating Plans and SOPs.

**Security:** All OTC security operations are conducted within the scope of compliance with 4 CCR § 15042-15047 and additional regulations. These regulations are woven into the framework of all Security Plans and SOPs.

**Marketing and Advertising:** We prominently display our local commercial cannabis business license and DCC state license in plain sight for all customers where it can also be viewed by state and local agencies. We only deploy marketing and advertising efforts after we have obtained reliable up to date composition data demonstrating that 71.6% of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older. OTC's marketing and advertising does not use any depictions if minors under the age of 21, does not contain the use of objects such as toys, inflatables, movie characters, cartoon characters of any other display, depiction or image designed in any manner to likely be appealing to minors under the age of 21, does not advertise free cannabis foods or product giveaways such as buy one get one, free products with donations or contests/ sweepstakes. All outdoor signs are affixed to either our building or another permanent structure and are not located within a 15-mile radius of the California B order on an Interstate Highway or State Highway that crosses the border. We never sell or transport cannabis goods that are labeled as beer, wine, liquor, spirits, or any other term hat may create a misleading impression that the product is an alcoholic beverage. We use age affirmation to verify that all recipients of direct, individualized communication are 21 years of age or older. We also verify this information before adding any potential customers to our mailing lists or subscriptions to receive further direct marketing materials. We always seek approval from the DCC to carry and sell any branded merchandise. (4 CCR §§ 15039, 15040, 15040.1 and 15041.1, .

**Compliance Audits:** OTC, its owners, and staff all recognize that the cannabis industry is continually evolving. This means that regulations, including local and state laws, are in a constate state of flux. Accordingly, OTC's chief compliance officer and general counsel is responsible for constantly monitoring the legal landscape of the state and all jurisdictions in which we operating and shall update our Standard Operating Procedures and facility protocols to ensure sustained compliance in the face of fluctuating regulations.

### A.2.1.H TRACK-AND-TRACE, POS SYSTEM AND DIVERSION PREVENTION

We utilize Treez POS software for the electronic tracking and storage of required records of sales, delivery manifests and inventory that exceeds the minimum track and trace requires promulgated by 4 CCR Article 6. We also use Dutchie's software platform for all online orders to streamline customer flow and reduce wait times and prevent





traffic-related bottlenecks in the store; Dutchie integrates with our Treez POS to populate all online orders and related product movements into our inventory control and reporting system. Treez then integrates with Metrc to create an inventory management platform with double verification and seamless integration. All required data points are first entered into Treez and Dutchie, which then automatically updates data in our Metrc account. All transactions are accounted for within 24 hours and any discrepancies are reported to the Department of Cannabis Control (DCC) immediately (4 CCR § 15049(c)).

We use OnFleet's software and equipment for both retail and distribution deliveries to provide real-time location monitoring, log electronic capabilities, and report fuel consumption and driver route performance. Any information requested by the DCC regarding location and delivery routes is immediately accessed through the system and dutifully supplied. We are extremely well versed in the Treez POS and Metrc through using these programs in OTC operations throughout Southern California for the last four years.

### ***Compliance Overview***

We use Treez POS to maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the retail process until purchase. OTC has created and actively maintains our Metrc account as a condition of commencing any commercial cannabis activity in National City. We keep hard copies of records and transfer information to Metrc within twenty-four (24) hours of system availability after connectivity restoration.

We maintain accurate books and records in electronic format, detailing all revenues, expenses, assets and liabilities of the commercial cannabis business. We submit a statement sworn as to accuracy, detailing our commercial cannabis business's revenue and number of sales during the previous 12-month period at or before the time of our commercial cannabis permit renewal. The statement also includes gross revenues for each month and all applicable taxes paid or due to be paid. Our Treez POS system facilitates the development and retention of these reports. We submit a financial audit of OTC's operations that is conducted by an independent CPA to the City Manager on an annual basis. We use Treez's records software to compile documents needed for such audits. We maintain records electronically and physically pursuant to 4 CCR § 15037(a) for a minimum of seven years and make them available to agents or employees of the city upon request. Private medical records are only available pursuant to a properly executed search warrant, subpoena, or court order.

We use this records software to record the following information for all cannabis goods we carry in our inventory at any given time:

- 1) A description of each item such that the cannabis goods can easily be identified
- 2) An accurate measurement of the quantity of the item
- 3) The date and time the cannabis goods were received
- 4) The sell-by or expiration date provided on the package of cannabis goods, if any
- 5) The name and license number of the licensed distributor or business that transported the cannabis good
- 6) The price paid for the cannabis goods, including taxes, delivery costs, and any other cost (4 CCR § 15423).

Treez exceeds minimum state requirements by automatically integrating the following into Metrc for each purchase:

- 1) Name and type of the cannabis goods
- 2) Unique identifier of the cannabis goods
- 3) Amount of cannabis goods, by weight or count, and total wholesale cost of the cannabis goods, as applicable
- 4) Date and time of the activity or transaction
- 5) Name and license number of other licensees involved in the activity or transaction

We invite city officials, employees, and designees authorized to enforce provisions of NCMC to have access to our books, records, accounts, together with any other data or documents relevant to our retail cannabis activities, for the purpose of conducting an audit or examination. Treez POS allows us to provide these records in an electronic format that is compatible with the city's software and hardware.

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### ***Treez POS: Processing Transactions***

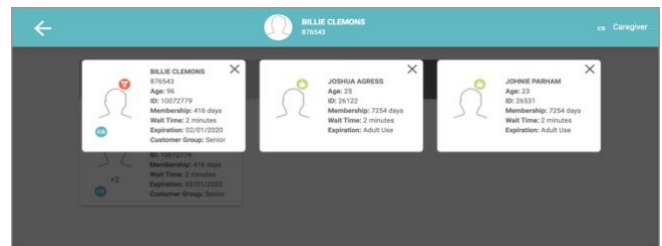
Members who have been added to the ‘Customer Queue’ from Customer Management will populate on the order they arrived on the main screen of the POS module. From here, you’ll be able to assign customers to yourself and help walk them through the purchasing process.

To access the SellTreez POS module, Cannabis Specialists navigate to the **Retail > SellTreez POS**.

**Step 1:** Cannabis Specialists click on the first member tile to assign them to themselves. The customer tiles populate in chronological order of when the member was checked-in from Patient Intake/Customer Management. If the member is a caregiver purchasing on behalf of their associated patient(s), a blue CG symbol will be shown on their tile. Clicking the caregiver’s tile starts an order for any of their patients or a personal order for the caregiver.

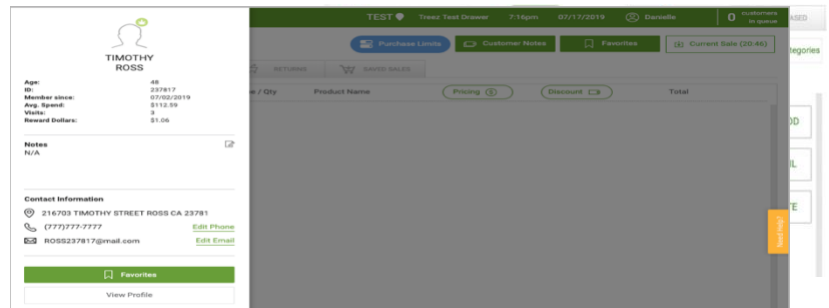


Clicking **No Customer** allows Cannabis Specialists to enter the POS view without a customer attached to themselves. After clicking **No Customer**, they type a name into the search bar to select a member to begin a new order, select a customer from the queue, or click the ‘Current Sale’ tile to view saved, draft, or recent sales. Cannabis Specialists can change or remove the customer associated with an order at any point during the order process.



**Step 2:** Cannabis Specialists select their name and log in using their personalized PIN and are then taken to the sales screen. At the top of the sales screen, there is a running timer for the current sale. This timer begins as soon as they assign a member to the transaction.

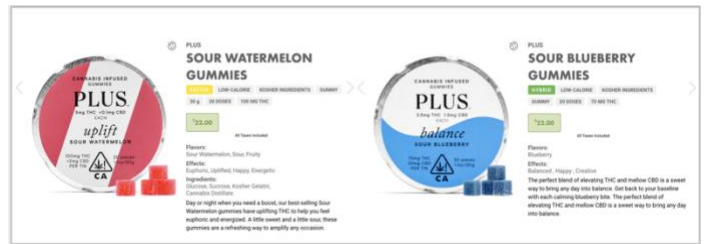
**Step 3:** Cannabis Specialists can quickly familiarize themselves with the customer by clicking on their name in the top left corner of the sales screen to view a summary of their individual profile. The summary includes key information about the customer (from their customer profile) including contact information, accrued rewards dollars, and customer notes. Cannabis Specialists can click ‘Edit Phone’ or ‘Edit Email’ to update this information in the customer profile. They can also click on **Favorites** to display both favorite products and customer notes at the same time. Favorite products automatically populate based on purchase history. Budentders then click **View Profile** to open the customer's profile in Customer Management in a new tab. If a patient is associated with a caregiver and both are checked-in, a toggle will display allowing us to select whether or not the caregiver is attached to the sale.



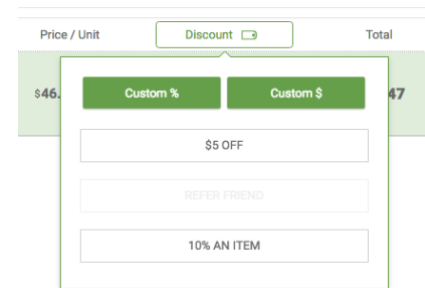
**Step 4:** From the sales screen, Cannabis Specialists either scan product barcodes or manually select products from the menu to add them to the order using integrated Treez POS hardware. If they don’t have immediate access to a barcode scanner or their retail label isn’t scanning properly, they can quickly search the entire menu by entering product information into the search bar to narrow down your results. The ‘Categories’ feature allows them to manually search the menu by product type and is a helpful tool for making specific recommendations. Clicking on products pulls up information specific to that item including attributes and lab results (if available), product sizes, flavor options, etc., and the amount we have left in live inventory (if configured).



**Step 5:** Cannabis Specialists select the size and quantity of each product and tap **Add to Cart**. This adds the product as a line item to the current order. If the customer decides they want more/less of a product after it's been added, changes can be made to quantities and/or sizes by clicking the **+** or **-** buttons on the left-hand side of the line item. If deli-style bulk flower product is selected, Cannabis Specialists must follow additional steps to add the product to the cart.



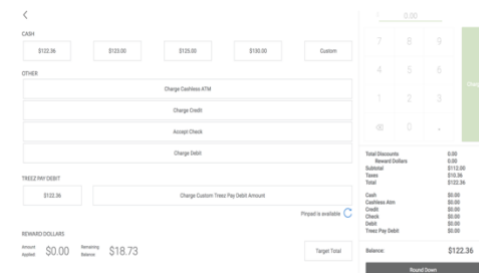
**Step 6:** Cannabis Specialists can apply any additional discounts by clicking the **Discount** button. For increased accountability, these can be configured to require a manager's PIN. If an item has any automatic discounts attached to it, this will display in the 'Discount' column, along with the name and specifics about the discount. The discount pop-up is specifically configured to include our full rewards program discounts and show the full details to both Cannabis Specialists and customers upon request. In the standard discount view, some coupons display as greyed out depending on whether the coupon is created for a single item versus an entire cart. Highlighting a product in the shopping cart by clicking on it causes item-based discounts to become available, while entire cart discounts are greyed out. Clicking away from the line item allow cart discounts to become available again.



**Step 7:** Once the order is complete, Cannabis Specialists click **Checkout**, which takes them to the payment screen.

**Step 8:** Cannabis Specialists select the payment method, or a combination of methods and/or has rewards points enabled.

- **Cash:** The first tile is reserved for exact change, while the following tiles relate to whole cash increments. Selecting one of these completes the sale, prints the receipt, and displays the change due, if any.
- **Card:** Cannabis Specialists select the appropriate charge option, use the keypad to enter the proper amount, then tap **Charge**. Once charged, the sale is complete, and the receipt prints.
- **Rewards Dollars/Points:** Clients may use their accrued points to pay for purchases. Reward accrual rates can be configured by going to **Configuration > Config Page > Discounts and Rewards**.
- **Custom:** The 'Custom' buttons allow Cannabis Specialists to split payment between a variety of payment methods.



**Step 9:** Change is returned to the customer and Cannabis Specialists click **Done** to complete the sale. This turns the sale into a line item on the 'Purchased' tab.

**Treez POS: Returns and Refunds**

All returns are designated in Metrc as having been purchased from our retail storefront. Product complaints are documented and sent to both the distributor and supplier of origin. No returned product may be resold. Returned products are documented in Treez and Metrc. All returned product is properly destroyed in compliance with local, state and federal regulations and in alignment with internal waste management cannabis SOPs. Cannabis Specialists execute the following procedure to return an item and issue a refund to the customer:

**Treez POS: Purchase Limits**

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MAUCRSA limits the amount of cannabis that can be sold to both medical and adult-use customers. Our system will show you how far each customer is to reaching their daily purchase limit to maintain compliance with these limits. To view purchase limit information for a given order, Cannabis Specialists simply click the **Purchase Limits** button at the top of the cart in SellTreez. SellTreez will prevent Cannabis Specialists from overselling certain types of products to different customers; if the amount of product added to a customer's cart exceeds their daily limits, the system will block Cannabis Specialists from checking out.

### ***Receiving Inventory***

Treez automatically updates when Metrc receives incoming inventory, sets a package's unit of measure prior to acceptance, and creates manifests for returns, customer deliveries, and transfers. Inversely, Treez pushes automated updates to Metrc for: sales and associated package IDs; product price; changes in quantity/inventory; and closed packages. Our designated Compliance Officer keeps an active roster of all employees using the Metrc system and notifies the BCC using Form BCC-LIC-027 within 24 hours if a compliance notification is not fully resolved, exceeding the minimum requirements of 4 CCR § 15048.1). We only receive inventory from licensed suppliers and track all received inventory through Treez and Metrc. Once our Treez account is integrated with Metrc, the procedures for receiving inventory through Treez and Metrc are organized into these steps: (1) Accept new manifests in Metrc, (2) Navigate to Incoming Inventory on Treez to ensure transferring manifest was synced, (3) Assign each package to a pre-programmed product name or create a new product name in Treez for assignment, (4) Ensure all incoming goods are packaged for sale, (5) Enter the wholesale cost of each unit and ensure that the Quantity and Barcode fields have been properly synced, (6) Save the manifest after reviewing total cost and quantity, (7) Fill in additional package details included on package labels (8) Review manifest status for completion.

Received inventory undergoes quality control (QC) inspections to ensure no product is compromised or tampered, and to verify compliant packaging and labeling. QC includes inspection and approval of all components, product containers, closures, packaging materials, labeling and cannabis products. Management has authority to review inventory records and transfer manifests to assure no errors have occurred. Management shall approve or reject all processed, packaged, or manufactured product upon receipt before confirming a transfer manifest. Inspection also includes verification of testing results, labeling compliance, and that all received product is packaged for sale and has not been tampered with.

### ***Limited Access Records***

OTC implements facial recognition software with the CCTV and biometric systems, which assists with restricting access to high security areas of the facility depending on the employee and their credentials. This software assists us in compiling reports of all individuals who have accessed or tried to access limited access area as well as their employee ID. These reports are used in conjunction with the inventory logs from Trees to target diversion efforts. They are also readily accessible through the software and are supplied to the DCC or the City upon request. This software component far exceeds the state's minimum requirements for limited access areas and inventory management as we are linking each movement of each item throughout our internal supply chain to an individual.

### ***Inputting New Inventory***

Once all inspection and administrative requirements are met, the received product is inventoried in Vendor Intake (Limited Access Area) and entered into the Treez as inventory received; the delivery manifest is also uploaded into Treez as an attachment.

### ***Creating New Stock Keeping Units (SKUs)***

Treez provides the added benefit of automating (SKUs). The software assists with creating a strong product naming convention consistent with Metrc's pre-set product profile categories, which allows packaged units to be micromanaged within the vendor's internal network while maintaining Metrc compatibility for all products and product categories.

### ***Transactions***

Treez POS automates compliance checks. All staff members are trained to recognize system compliance warnings and follow directives. Cannabis Specialists are required to scan products for sales, which initiates the following



automated processes: (1) record transactions, (2) provide sales (3) upload completed transactions for inventory management and (4) sync and review track-and-trace submissions and reports.

### ***Document Verification & Storage***

Treez's POS system allows for creation of unique client profiles and allows our retail storefront to enter adult-use and medical clients into separate data queues. The system requires input of client information, including: (1) Scanned government identification; (2) date of birth; (3) Identification expiration; (4) contact information and (5) Patient registration documents, as applicable. The database assigns client ID numbers for internal tracking and state sales reporting and saves this information in full member profiles so expiration dates and other information are easily accessible by staff. Data sets are backed up on an encrypted high- capacity hard drive with password protected and accessibility only for authorized management).

### ***Receipts***

Treez includes customization of all printed materials, product labels, and receipts, enabling staff to comply with all local and state regulations related to labeling and packaging quickly and easily. Integrated hardware allows customers to choose a printed receipt and/or email receipt.

### ***Returned Products***

All returns are designated in Metrc as having been purchased from our retail storefront. Product complaints are documented and sent to both the distributor and supplier of origin. No returned product may be resold. Returned products are documented in Treez and Metrc. All returned product is properly destroyed in compliance with local, state and federal regulations and in alignment with internal waste management cannabis SOPs.

### ***Manual Track and Trace Procedures***

Treez includes a built-in offline sales processing mode that enables continuous access to critical functions even when internet connection is unavailable. Once connectivity is restored, all transactions performed in offline mode are automatically synchronized with Metrc, the data is automatically backed up and reports and inventory records are adjusted accordingly.

### ***Filing a Metrc Report***

We submit daily reports with specified data from all commercial cannabis activity including every sale, receipt, return, and disposal of cannabis products by 11:59 p.m. of the day on which it occurred. All required data points are entered into the Treez program and automatically updated in our Metrc account; all transactions are accounted for within 24 hours and any discrepancies are reported to the Department immediately (4 CCR § 15049(b)).

### ***Staff Performance***

Treez collects data on our Cannabis Consultants' daily sales and which products they have success in selling to provide insights into our staff's performance and facilitate knowledge translation of successful retail practices to all of our employees.

### ***Delivery Records***

Treez and OnFleet offer a two-pronged solution to logistics and recordkeeping for for both retail and distribution deliveries. OTC uses OnFleet to maintain accurate and current records of the company's delivery employees to be made available to authorized personnel upon request (4 CCR § 15415(g)). OnFleet also includes a GPS<sup>117</sup>Tracking system to ensure the targeted delivery location is a physical address falls within a jurisdiction that permits commercial cannabis activities. After the transaction, Delivery Drivers keep a signed copy of the delivery request receipt for OnFleet's records in accordance with State Law (4 CCR § 15420) and upload the receipt into Treez as an attachment.

### ***Compassion Program Records***

All patients who qualify for our Compassion Program receive a 25% discount on all purchases We send a proof of eligibility letter to all accepted patients upon verification of eligibility that expires within a year of issuance. Treez integrates the discount into these purchases, notifies us when we have reached our donation limit and helps us notify patients to re-register annually based on the detailed records we maintain.

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### ***Diversion Prevention***

One of our main priorities is to keep cannabis goods within the complaint supply chain and prevent the diversion of cannabis goods to minors and the illicit market. We incorporate various best management practices developed by local, state and federal agencies into our SOPs for diversion prevention, and our Treez POS plays an integral role in tracking cannabis goods to accomplish this goal. Specifically we have consulted the Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, American Society of Health System Pharmacists Guidelines on Preventing Diversion of Controlled Substances and various provisions within Title 21 of the Code of Federal Regulations (CFR) promulgated by the Drug Enforcement Administration's (DEA) Diversion Control Division.

It is the responsibility of any store employee that witnesses or suspects criminal activity to report this information to management. In the event of any discrepancy between the weight of cannabis dispensed, stored, and/or accounted for, members of management will immediately perform an internal audit to determine the source of the discrepancy by viewing videotape, reviewing store logs, and creating a missing inventory report using Treez POS. If it is determined that the discrepancy is due to theft or diversion, the manager will immediately notify senior management. Management will cooperate with any law enforcement investigations or directives. Management will cordon off any area of the store that is critical to the investigation and preserve the area until investigators arrive. Below are some procedural and cultural initiatives we take using our inventory tracking and monitoring system to prevent diversion.

**Treez POS Profiles:** Employee-specific Metrc and Treez profiles are utilized to continuously monitor inventory levels for ongoing detection of theft/diversion. Since regular inventory and supply chain tracking is crucial to preventing diversion, a designated on-site manager manually performs inventory on a weekly basis to verify product count accuracy. Inventory log is completed and signed by a manager at the completion of inventory check.

**Inventory Management & Control:** Inventory discrepancies observed in Treez POS are addressed immediately and resolved prior to incoming/outgoing product transactions; if not sufficiently resolved, discrepancies are reported to City Manager and Bureau of Cannabis Control within 24-hours of discovery.

**Recordkeeping:** Records are kept for at least seven years, in Treez POS and Metrc databases and hard copy format, including each day's beginning inventory, acquisitions, sales, disbursements, disposals, transfers, and ending inventory, which are readily accessible. We can call upon these records at a moment's notice if we suspect that any customer or employee is engaged in activity that could lead to cannabis ending up in the hands of consumers under the age of 21.

**Auditing:** Cash Registers at POS stations are never open unless a transaction is being processed. Cashier register totals are balanced at the end of the day and prior to shift changes. Any overages or shortages must be fully explained by cashiers. The overage and shortage dollar limits and the frequency of occurrences are documented with corrective action per site policy. All transaction corrections are approved by management and marked on the journal tape of the cash register. We performs periodic cash register audits randomly and unannounced. Management is responsible for shift and end-day reconciliation reports and shall immediately report any suspected diversion.

**Personnel Management:** Positions that provide access to accounting and financial records are subject to high-level background checks, covering credit history and encounters with local, state and federal law enforcement. Product and cash handling assignments involving high level Treez data are given to established employees instead of new hires. Applicants with inconsistencies in resumes or interviews will be considered of expressing questionable character and will no longer be provided further consideration.

**Checks and Balances:** OTC utilizes a system of checks and balances with additional monitoring for employees in sensitive positions regarding access to cash and financial records. A buddy system involving at least two employees is required for such access. Personnel involved in two-person systems will be rotated periodically. Procedures that call for voiding sales and issuing customer refunds require approval by a supervisor or manager. Bookkeeping and accounting ledgers will be maintained by a team of employees instead of one and subject to unannounced audits.

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**Waste Management:** Trash and recycling removal routines/responsibilities will be designed to eliminate theft via disposal and recycling systems. Such process includes disassembling and flattening all boxes, using clear garbage bags and securing dumpster location where employees have one-way entry/exit.

**Diversion Training:** All Management is required to complete FEMA IS-200: Basic Incident Command System for Initial Response and FEMA IS-916: Theft & Diversion.

### A.2.1.I MISCELLANEOUS OPERATING STANDARDS: CONSUMER EDUCATION

Our Consumer Education Plan accounts for various approaches to educating customers about cannabis. Some education is delivered directly through interactions between Budtenders and customers along with digital/in-person seminars and events efforts while other educational content is delivered indirectly through signage and marketing. Our CEP takes into account that individuals are different in terms of cannabis' relationship with their physiology. Managers are responsible for implementing the CEP, supporting and training Budtenders to actualize the CEP, developing educational tools to best support our customer base and providing as-needed scientific expertise. Managers also play a lead role in establishing policies to review and improve the CEP. Budtenders support Managers by adhering to the guidelines of the CEP, working directly with purchasers to answer their question and observing trends in the educational needs of our customers. We look to hire empathic Budtenders who facilitate smooth and helpful interactions with purchasers. Our educational materials help establish consistency in service and instill invaluable knowledge in our customer base.

**Implementation, Monitoring and Evaluation:** All OTC employees are required to undergo rigorous training on the CEP prior to beginning their tenure with the retail storefront. Training provided to the agents ensures that they are well equipped to assist customers in all aspects of their adult-use and medical cannabis needs. All employees are required to pass a written examination demonstrating their continued knowledge and retention of the written policies and SOPs included in the CEP: a score of at least 90 percent is required to pass. We conduct regular surveys of our customers to determine the effectiveness of educational materials and ask them to rate each of our materials on a scale from "Useless" to "Highly Informative."

#### *Education Topics*

Our CEP disseminates an extensive array of cannabis-related information. We believe the following topics provide an excellent foundation for cannabis education:

**Variety of Products:** We ensure our customers are familiar with all products offered at the facility, including flower, oils, edibles, and tinctures. We train our employees and make information available to customers on different products effects, absorption times, best methods of use, and the source and techniques used to make products.

**Potency and Effects:** Each individual's endocannabinoid system is different which can elicit varying cannabis effects between individuals. We like to advise users to "start low and slow"—to encourage purchasers to start with a low dosage and slowly increase intake for maximum efficacy and minimal risk of negative experiences. We provide guidance on dosing and self-titration to determine the best dosage and product for their personal physiologies. We develop user testimonials on the effects of products available to customers via our website menu. We also make scientific studies and other reports on product effects available as a resource for customers and employees.

**Side Effects:** Customers and patients should know what to expect when it comes to potential side effects that the body and mind may incur upon consumption and we make a consistent effort to ensure that no purchases are made without this knowledge imparted on the customer. Budtenders are responsible for informing customers and alleviating any concerns they may have regarding cannabis effects on their cardiovascular, respiratory, neurological, and other physiological systems.

**Absorption Times:** OTC educates customers on the absorption times for different compounds contained in available products and discuss this with customers during consultations and at the time of purchase. Our instruction on safe consumption includes a discussion of the potency levels of various cannabinoids in products and how fast the



absorption of these compounds can take effect based on product type, cannabis delivery method, metabolism, and other customers' experiences.

**Allergy Information:** Some products such as edibles contain potential allergens such as peanuts, other tree nuts, certain dyes, vegetable glycerin and other ingredients that may pose an allergic threat to some customers. Budtenders are transparent about allergens and are trained to always ask customers buying products if they have any food allergies to avoid allergic reactions.

**Health Concerns/Age Restrictions/Safe Consumption:** We inform customers of all health concerns associated with smoking and consuming cannabis products and known effects of various products on certain conditions such as heart disease or Chronic Obstructive Pulmonary Disease (COPD). Signs also state health risks are associated with consuming cannabis during pregnancy.

**Driving Under the Influence:** We educate customers regarding the universal prohibition against driving under the influence of cannabis including penalties for infractions of this law, which range from probation to fines, license suspension, or jail time.

**Purchase Limits:** We advise customers of daily purchase limits set by State law. For medical patients, these include no more than 12 immature plants, 8 oz of dried cannabis or the plant conversion, unless they have a recommendation allowing for different limits. For adult-use consumers, the daily limits include no more than 28.5g of dried cannabis, 8g of cannabis concentrate, and 6 immature plants.

**Printed Materials:** We provide printed educational materials including original pamphlets and brochures, third-party materials, peer-reviewed articles and a guide with a list of additional educational resources. All purchases are accompanied by a general cannabis safety and use pamphlet. We also offer printed publications from Americans for Safe Access, CDPH, and various other sources. Print materials are available in the Waiting Room and at each POS terminal. Offering educational materials in print form provides customers with a resource to review and reference, and may encourage follow-up questions and research. We review and update these resources monthly to ensure customers and patients are basing decisions on the best available resources.

**Website Materials:** We offer a wide variety of educational materials on our website that includes original content, blog posts, links to reputable information sources, access to 3rd party materials and peer-reviewed articles. Our education guide, which provides purchasers with additional educational resources, are also published on-line. All website content is curated and managed by the management team.

**Digital Seminars (Webinars):** We produce and distribute a variety of online educational seminars as part of our CEP. Digital seminars (webinars) are held quarterly and are produced by the management team. We will transition to holding these seminars in person when COVID-19 restrictions allow for gatherings outside of our customers' isolation pods. Some examples of OTC webinar topics include but are not limited to: Cannabis & Pain Management; Sessions on Cannabinoids, Terpenes & Beneficial Cannabis Components; Cannabis Safe Use; Proper Dosing, Delivery Methods & Release Times; Wellness & Support Groups; Responsible Cannabis Use & Awareness; Medical, Psychological Benefits & Dangers of Cannabis Use; Meditation & Relaxation Classes; and Health Information & Community Resource Information.

**Signage:** We offer indirect education support through carefully placed signage throughout the interior and exterior of the facility. Signage contains information about driving under the influence and youth consumption and is aligned with educational materials that clients receive with their orders. Additional educational signage is posted in various locations throughout the facility. Signage reinforces all of the education about cannabis and safety that we provide through visual and print materials and discussions with clientele.

We routinely audit our CEP to ensure we are providing up-to-date information, including potency, effects of products, as well as cannabis safety and its relationship with our health and the community. We also solicit and incorporate feedback from customers on the efficacy of educational materials. We evaluate and update materials included in the CEP regularly and are always looking for new sources and materials to offer as part of the OTC experience.



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### **A.2.1.J MISCELLANEOUS OPERATING STANDARDS: MARKETING AND ADVERTISING**

Our Marketing Plan (MP) is location based and community driven. OTC deploys a wide range of marketing initiatives targeted at increasing: (1) store awareness and traffic; (2) customer education; and (3) loyalty program adoption. OTC's first marketing objective is to create awareness about the store, exceptional staff and elevated shopping experience. OTC's operation is best in class and our reviews and dramatic pace of customer growth validate that assertion. Second, by educating customers on new categories, consumption methods and introducing them to the best brands available in California, OTC drives increased visitor frequency, which creates customer loyalty and additional revenue opportunities. Finally, by leveraging our technology partners Alpine IQ, Headset, and Treez, OTC offers one of the most robust and easy to use customer loyalty programs amongst retailers. This allows OTC to customize offers, discounts, incentives and promotions. The result is increased engagement, product purchasing and a better customer experience. Ultimately this drives higher average sales and total revenue for OTC.

OTC offers unparalleled customer service, diverse product menus, cannabis education and an organizational commitment to community. Contributing to opportunities for members of Ventura's tightknit community is critical for our success. We engage local businesses that have a similar ethos to our own and align ourselves with institutions with deep roots in the community. These strategic relationships add validity to OTC's presence in Ventura, which ultimately translates into a wider reputation as an equitable boutique retail storefront and delivery service. This and our novel approach to community integration allows us to offer a retail experience beyond anything contemplated by current industry operators. Our commitment to excellence and mission to improve equity in our local community incites customer loyalty and engenders notoriety via word-of-mouth exposure amongst locals and beyond.

OTC caters to clients prioritizing diversity and equity while developing a boutique experience with extensive product offerings. Our business model's focus on educating consumers and enhancing social equity in Ventura provide novel marketing opportunities and reciprocal business partnerships unavailable to conventional retail storefronts. Our green practices meet demand for products that exceed current industry standards for purity, environmentally consciousness and ethical production. We provide unique, personalized customer services in a boutique environment that surpasses consumer expectations.

Our MP brings a refined and sophisticated approach to cannabis marketing. We are to create an immersive retail environment through facility design, strategic business initiatives and overall marketing expertise that translates into various visual elements of the retail storefront. We are also working with general contractor Bali Construction, architect DScheme Studio and in-store design firm Gi Paoletti to create unique in-person and online customer experiences and develop a reputation as a standout cannabis retailer.

Our MP consists of Social Media, Events & Social Advocacy, Branding, Business Partnerships, Print, and Web campaigns aimed at broadcasting the brand's identity and engaging both experienced and inexperienced cannabis consumers. We do not advertise using any of the following formats: billboard (fixed or mobile), bus shelter, placard, aircraft, or any other similar forms of advertising; our advertising is conducted within the scope of compliance with local regulations and includes internet, social media, print, or direct mail (SBMC § 6.420.410(g)(6)).

#### ***Reciprocal Business Partnerships***

We are leveraging relationships with local businesses to draw Ventura consumers and tourists to our retail storefront. Local partnerships allow us to increase market outreach to Ventura patrons through opportunities like packaged service offerings and referral arrangements. We also partner with companies that complement our own social equity model to create opportunities for vulnerable populations and instill diversity throughout Ventura.

#### ***Social Media***

We develop comprehensive social media solutions through incorporating platforms such as Facebook, Twitter, Instagram, YouTube, and beyond. Our campaign envisions regular and compelling digital outreach, creation of interactive experiences, online community development and outreach, attracting prominent bloggers, and engaging leading influencers to provide brand support.

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### ***Events & Social Advocacy***

We utilize educational seminars, milestone celebrations, volunteer efforts and other events to attract new clients and increase exposure. Our events include fundraisers, product launches, informational workshops, job fairs and other marketing-focused events. Fundraisers support community organizations and provide funding to programs focused on decriminalization, expungement, and job placement. Event hosting and social advocacy introduces OTC to underrepresented markets and allows us to leverage good-will exposure into word of mouth and notoriety amongst consumers.

### ***Branding***

Our organization-wide commitment to quality has inherent branding opportunities. We build and maintain a compelling message around these concepts to spark positive dialogue and association amongst consumers. Targeted advertising and outreach are combined with our sophisticated facility design to maximize our brand's identity and range.

### ***Web Presence***

Beyond social media, we use our website to leverage our online media image. We take advantage of search engine optimization through online services, like Yelp, Weedmaps and Google Review, as well as an internal blog with targeted content framed around product info and social justice. We incite customer loyalty through our commitment to providing unparalleled customer service, diverse product menus, affordable pricing, cannabis education, as well as an organizational commitment to social equity. Further, our web presence and hosted events featuring leading influencers have helped create a sense of community with our clientele, which has allowed us to increase our overall customer base and revenues. Our marketing techniques reach a large consumer base consisting of different populations and demographics, something we strive to reproduce at all of our facilities.

### ***Direct Mail***

We have also found direct mail to be a successful marketing tactic based on years of experience operating our facility in Vista. Due to the demographic and diversity of our client base, we are continuing to deploy this marketing tactic in new jurisdictions where we plan to operate. Below are some examples of direct mail we have sent in the past.

## **A.2.1.K MISCELLANEOUS OPERATING STANDARDS: SUSTAINABILITY**

We incorporate Green practices in all areas of operations to mitigate the environmental impact of our commercial activities. OTC's business practices reflect a combination of deference to the natural landscape of the region, sustainable design elements in facility design, the latest sustainable equipment and technology and cultural practices that prioritize environmental consciousness.

### ***Green Building Design & Execution***

Our design and construction plans comply with limitations on demolition waste, anticipate future use of solar panels to provide supplemental energy, utilize high efficiency appliances, implement transportation management strategies, and meet or exceed energy performance standards. We look to the standards of Leadership in Environmental and Environmental Design Certification to guide construction and renovation processes and are working with a contractor who has experience in designing and outfitting facilities to meet these rigorous sustainability requirements. OTC emphasizes locally available materials to reduce environmental costs relating to transportation, incorporate green elements into interior and exterior design and provide flexibility through dynamic planning and design. The Retail Fulfillment Storage Room is located in the back of the facility to prevent extreme temperature fluctuations caused by the main entrance and secure exit doors being opened and closed upon customer entry and exit. Designing the facility as such reduces the burden placed on the HVAC system to attain stability of internal conditions in storage spaces and reduces electricity costs and fossil fuel use.

### ***Water Conservation***

We limit water use by integrating drought tolerant landscaping and installing low-flow fixtures. California's mission to reduce the burden on limited freshwater resources has compelled introduction of xeriscaping techniques. We integrate native drought tolerant species such as Western Redbud and Manzanita along with low impact irrigation



methods to mitigate demands on water consumption. An automated deep-drip irrigation system and aesthetically pleasing mulch surfaces minimize evapotranspiration and enhances the visual design. Further water conservation measures include application of low-flow fixtures throughout the facility. Our facilities are outfitted with EPA designated “WaterSense” faucets and toilets, which use 20-30% less water than conventional systems.

### ***Alternative Modes of Transportation***

Mitigating traffic congestion and reducing emissions relating to transportation is an essential civic duty for stakeholders in a central business district. OTC implements strategies that create incentives for employees and customers to use alternative modes of transportation. As part of this initiative, we provide a bulletin for employees with information on public transit routes, ridesharing information, bicycle/metro route, safety information, and other pertinent information and materials. Our employees and customers can enroll in our public transportation voucher program, which reimburses costs for the use of transportation. We also provide funding for safe bicycle storage, such as racks or lockers, bike U-locks, helmets, and other equipment for customers who qualify for low-income discounts. OTC’s facilities maintain proper sidewalk clearance space from bike racks for wheelchairs, and ensure adequate number of curb cuts, in compliance with the Americans with Disabilities Act.

### ***Materials/Waste Storage and Disposal***

We always practice the Three R’s of Sustainability: Reduce, Reuse, Recycle. Separate recycling containers are placed throughout the facility for staff and clients to ensure regular pickups are conducted with ease. Electronic waste is collected and brought to appropriate outlets. We emphasize sustainability internally, while also encouraging the residents of Ventura to be stewards of the environment as well. In an effort to promote recycling community-wide, we offer a discount program to patrons who bring their packaging from previous visits back for reuse so long as such a program is permitted by local law. Such a program encourage our patrons to play an active role in reducing waste across the board in the cannabis industry as well as minimizing the packaging waste that we must account for. OTC’s recordkeeping system incorporates the goal of eliminating paper records in the scope of compliance whenever possible to reduce our overall waste contribution. OTC creates a lighthearted competitive atmosphere amongst the staff by tracking the amount of waste produced at the facility and introducing incentives for reducing the amount of landfill waste generated.

### ***Equipment & Policies***

We use environmentally friendly equipment whenever feasible and have established green company policies for the sole purpose of creating environmental consciousness amongst the staff. Equipment and materials include hybrid powered delivery vehicles, “Energy Star” rated appliances, integration of recycled materials with respect to interior design elements, and photovoltaic panels. We plan to purchase at least two (2) delivery vehicles and to outfit each to meet Local and State specifications. Our fleet features the Toyota Prius, which provides benefits to drivers and supports our overall environmental pledge. The hybrid engine affords 52 MPG, and the Prius is consistently lauded as one of the most environmentally progressive vehicles available.

### ***Rewards Program***

We offer rewards to team members who engage in environmentally friendly behaviors. Team members who carpool to work, ride a bicycle, or take public transportation, will accrue reward points. Team members also acquire points for recycling, utilizing energy efficient practices, or suggesting a new implementable environmental practices for OTC. These reward points will be redeemable for fun prizes.

### ***Electric Charging Stations in Parking Lot***

The OTC parking lot provides 208/240 V 40-amp electric vehicle charging stations for no less than 10% of on-site parking spaces, or 5% when there are fewer than 20 on-site spaces. We prioritize location at sites already wired for potential EV charging stations, to avoid higher retrofitting costs.

### ***Product Procurement Standards***

In addition to the value of social equity, our product procurement policy includes support of environmentally friendly practices through suppliers that incorporate sustainability measures to cultivation, manufacturing and distribution. We seek out cultivators that employ renewable energy, demonstrate low water usage through efficient irrigation and recycling technologies, and reduce environmental impact through innovative business models and equipment. We

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grant preferential consideration to suppliers that practice sustainability, including organic farming methods and materials, limited energy consumption, efficient irrigation practices and water recovery techniques, generate limited waste, implement agricultural technologies that increase efficiency, and/or demonstrate philanthropy toward environmental concerns.

### 2.3 DISTRIBUTION

Off The Charts (OTC) is planning to conduct most of the distribution for all Off The Charts' Southern California locations and partner stores through our National City facility. This distribution operation will have high-throughput capacity to ensure all bulk orders are received and transported to their designated location in a timely fashion so all OTC stores may continue to offer our clients the best products at affordable prices. We have longstanding relationships with various testing laboratories throughout California so we can schedule batch sampling and testing within stringent timelines. Our leadership and management have expansive knowledge of the entire supply chain and understand the importance of transportation and logistics for distribution activity throughout the state. We will also continue to build our network of licensed operators on both the production and retail sides of the supply chain to diversify our OTC product line and assist with the sampling and transport of various new and existing products and raw materials.

We currently process roughly 170-210 monthly transactions with distributors for cannabis goods at our Vista store, along with 60-80 and 70-90 transactions at our Palm Springs locations respectively. With the addition of a Distribution facility National City, we will be able to take control of our internal supply chain and ensure that all cannabis goods are being sourced through our means rather than trusting the operational compliance of other licensed distributors and exposing ourselves to industry volatility. We will also be able to concentrate our revenue internally rather than spending exorbitant amounts on cannabis goods from other operators, which also means increased tax revenue for National City. Centralizing the majority of OTC's distribution operations in National City will be a mutually beneficial development for both OTC and National City.

#### A.2.3.A DELIVERY VEHICLES

We plan to hire 2 part-time Delivery Drivers and two (2) full-time Delivery Drivers for a total of four (4) Delivery Drivers. Hours of delivery are from 9:00am to 9:00pm. We are purchasing Ford FlexFuel Transit Connect Vans for our deliveries. We will begin operations with two (2) vehicles in the fleet and expanding the fleet as needed.

#### A.2.3.B TRANSPORTATION SECURITY

OTC complies with all security and transportation regulations to take heightened measures in protecting our employees in transit and the surrounding community.

Our transportation procedures include logistics mapping and coordination of responsibilities between delivery drivers and dispatchers. Policies include having at least one dispatcher on-site for every two Delivery Drivers during any given shift. Typically, drivers are sent out to fulfill between 3-10 delivery requests per route and dispatchers are responsible for organizing a route based on the orders that are in the queue. Orders are prioritized based on the time they were received, but dispatchers also use OnFleet's GPS route functions to help map out the most efficient route. OnFleet's GPS software is capable of mapping an optimally efficient route based on addresses entered into its database, but Dispatchers are capable of manually overriding these efficient routes to ensure that earlier in time orders are taken into consideration and that we maintain our 90-minute delivery time commitment. Routes and orders are prepared by dispatchers for delivery drivers who must confirm the delivery route and order manifest before leaving the facility for a new delivery.

Drivers are responsible for coordinating with Dispatchers for post-delivery protocols upon returning to the facility. This includes removal of all cash from their vehicle's lockboxes, counting out all cash under the supervision of the Dispatcher and placement of cash into the vault, the removal of all returned or rejected product for all cancelled orders, coordination with the Dispatcher to return the product to the Retail Fulfillment Storage Room, post-delivery

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vehicle inspection checklist, removal of all personal items from their delivery vehicle and double verification of all transaction information contained in DISTRU POS and OnFleet.

Drivers are instructed to comply with state regulations involving safety and shall not travel with cannabis goods worth excess of \$5,000 at any time, while the value of cannabis goods carried in the delivery vehicle for which a delivery order was not received and processed prior to the delivery driver's departure shall not exceed \$3,000 (4 CCR § 15418(a)). Drivers shall keep cannabis goods in Tuffy Tactical Security Lockboxes for added security, which are not visible to the public (4 CCR § 15417(g)). Lockboxes are installed and secured into the trunk of each car. At no time will a delivery employee leave cannabis goods in an unattended vehicle unless the vehicle is locked and equipped with an active alarm system (4 CCR § 15417(c)). We have implemented a strict no chase policy and robbery management training teaches de-escalation techniques and emphasizes safety.

Our Delivery Drivers transport cannabis goods in a way that precludes visibility and identification from outside the vehicle or trailer (4 CCR § 15311(f)). OTC's vehicles and transportation operating procedures are designed to comply with this non-visibility requirement. Namely, we have implemented vehicle design requirements and transport packaging and odor mitigation protocols to prevent transported cannabis goods from being identifiable or visible from outside of the vehicle.

Vehicle design measures include prohibition of signage or company information on transportation vehicles as well as black out tinting for trunk windows in our vehicles. All OTC vehicles are devoid of identifying marks or signage and any vehicle specific dents or marking will be immediately treated so as to preclude identification of vehicles as a cannabis delivery vehicle in addition to actual cannabis goods. In addition to securing the vehicle against outside visibility, we have designed transportation packaging and odor mitigation protocol to further prevent detection of cannabis and the associated security threats. First, all transported cannabis is stored in opaque containers that preclude visibility and identification of cannabis. This opaque packaging is in addition to sealed containers for cannabis goods and it allows us to transport cannabis goods in as nondescript a manner as is feasible. We also use activated charcoal odor absorption bags in the trunk of the vehicles where product is stored to mitigate the possibility of identification of cannabis through odor that may trigger a robbery attempt. OTC's vehicle design modifications and transport packaging and odor mitigation protocols are of the utmost importance for driver safety purposes; however, our advanced operating requirements will also allow OTC's transportation activities to comply with the specific requirements of 4CCR§15311.

OTC implements a zero-tolerance hands-free and distracted driving policy for its Delivery Drivers and other employees. Employees are not permitted to operate a motor vehicle while performing tasks that may cause distractions. This includes using a wireless communications device to text, compose, read, or send an electronic message, when the motor vehicle is in motion and while in traffic. This prohibition is effective during employees' work schedule including when the employee is conducting OTC related business. If an employee must make a call, including an emergency call (911), the motor vehicle should first be parked in a safe location. The use of OTC's two-way dispatcher communication system while driving is excluded from this policy. All OTC employees and motor vehicles are covered under the Federal Motor Carrier Safety Administration rules specifically prohibiting drivers of commercial motor vehicles from texting or using hand-held mobile phones while operating their vehicles.

We maintain an automotive liability insurance policy consistent with state insurance and bond requirements. The company also pledges to maintain workers' compensation insurance while the license is in effect.

### **A.2.3.C RECEIVING, PROCESSING, STORING AND SECURING INVENTORY**

We have developed detail-oriented standard operating procedures using industry-leading tactics for the receipt, processing, storage and security of inventory. This combined with 2+ years of experience operating our Distribution facility in Calexico along with general inventory management experience across all of our cannabis businesses have helped us implement a technologically-based system for inventory management, control and reporting. The summaries below provide more insight into how inventory flows through our internal supply chain.

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### ***Receiving Inventory***

Licensees transporting cannabis goods to our facility are required to communicate estimated time of delivery (ETD) when within 30 minutes of the site, allowing security and inventory staff to prepare for incoming deliveries and ensure product security during chain of custody transfers. Distributors report to Armortech security personnel upon arrival and provide a copy of the Shipping Manifest to be given to the Compliance Officer. Upon receipt and verification of the shipping manifest, the Distribution delivery driver is given instruction as to where to unload. All incoming deliveries are escorted by Armortech security personnel and received through the back entrance of the facility, providing direct ingress to the Secure Storage Room. All product packaging and labeling is visually inspected before authorization of the shipping manifest. OTC verifies the material documented on the manifest matches the purchase order and the certificate of analysis (COA) matches the testing information on product labels. Once all inspection and administrative requirements are met, received

OTC follows a strict procedure while receiving an order to ensure the safety and security of our staff, guests, and third party vendors:

- 1) All deliveries must be prearranged and all personnel disclosed in advance
- 2) All distributor deliveries are placed to OTC's vendor appointment schedule, which prevents any unannounced or non-scheduled deliveries from occurring
- 3) Each distributor generates a shipping manifest before goods are transferred from its facility to OTC, which lists all purchased goods. Upon delivery to OTC, the distributor's delivery employee gives the shipping manifest to the OTC Manager receiving the delivery
- 4) Prior to arrival (10 minutes) on the day of delivery, all vendors text or call their designated OTC contact to ensure staff is prepared to receive the deliveries in a quick, secure and safe manner
- 5) OTC provides designated parking for vendors. Parking is located as close to the vendor entrance as possible
- 6) Upon arrival, OTC sends a member of security or staff to meet the vendor at their vehicle to provide a two-person process for security purposes
- 7) To maintain a clear chain of custody, the vendor provides the shipping manifest. The manifest are verified by OTC personnel to ensure it includes:
  - a. OTC's name and license number
  - b. Distributors name and license number
  - c. Name of the transportation driver
  - d. List of all products included in the delivery
  - e. All unique identifiers (UIDs) linked to each product
  - f. Origination location and time of departur
  - g. OTC's address and expected time of arrival
  - h. Transportation vehicle information (make, model, license plate number)
  - i. Any remaining information required by law
- 8) The Manager inspects shipments prior to accepting the order. This allows for the return of any products (prior to being unloaded into the storage area) due to defects in the shipment, such as incorrect products in the shipment that do not match the shipping manifest, incorrect packaging/ labeling, no certificate of analysis for the batch, and expired products (4 CCR § 15052.1)
- 9) Once the shipment is approved by visual inspection and matched to the list of products on the shipping manifest, the Manager accepts the shipment and transfer the products to the vault
- 10) All storage areas are labeled, showing where each type of product is stored, such as flower, edibles, vape cartridges, topicals, tinctures, etc
- 11) Once product enters the storage area, all product movement up to that point is entered in Metrc and Treez including: shipping manifest, date/time the shipment arrived, employee who received and inspected product, and certificates of analysis for the batch (4CCR § 15052.1(c))

We coordinate deliveries during non-operational or low-traffic hours to avoid incoming shipment complications.

### ***Processing Inventory***

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We utilize Distru's POS software to assist with inventory processing and management throughout our internal supply chain from the moment we receive a delivery to the moment finished product leaves our doors. Distru and Metrc integrate and provide live syncing with one another. Distru automatically updates when Metrc receives incoming inventory, sets a package's unit of measure prior to acceptance, and creates manifests for returns, deliveries and transfers to other licensees. Inversely, Distru pushes automated updates to Metrc for: sale and associated package IDs; product price; changes in quantity/inventory, and; closed packages. All required data points are entered into the Distru program and automatically updated in the company's Metrc account; all transactions are accounted for within 24 hours and any discrepancies are reported to the Department of Cannabis Control immediately (4 CCR § 15049(b)).

Day-to-day processing of inventory involves a small degree of handling to weigh cannabis, separate cannabis batches, label them according to their package or batch and ensure that the chain of custody has been accurately reflected on the back end of our inventory management system. Product is checked out of the Secure Storage Room, brought to the processing area for batch sampling, weighing or any other activity, packaged for transport and any remaining product checked back into storage. This rigorous recordkeeping platform gives us knowledge of every cannabis product's location in our facility and maximizes product security at every stage of the retail process.

### ***Storing Inventory***

All pre-sale bulk cannabis goods in the Distribution Department's custody are stored in the Operations Storage Room, which complies with Federal Specification AA-V-2737 and DEA 21 CFR 1301.72(a)(3) Physical Security Controls for Non-Practitioners and meets the following specifications from the DEA Controlled Substances Security Manual-Minimum Standards: Handlers of CI&II Controlled Substances:

- 1) Walls, floor, ceiling constructed of at least 8" of reinforced concrete or masonry reinforced vertically and horizontally with #4 (½") steel rods tied 6" on center, or UL listed modular vault panels
- 2) Door and frame unit are UL listed burglary-resistant, GSA Class V rated or equivalent, i.e. multiple position Group 1-R combination lock, relocking device, special metal alloy that resists carbide drilling and affords overall security protection set forth above for safes and security containers
- 3) Interior/exterior equipped with alarm system which upon attempted unauthorized entry transmits a signal directly to OTC, Bay Alarm Company, and local law enforcement
- 4) Doors equipped with contact switches to ensure optimal electrical lacing of walls, floors and ceiling, sensitive ultrasonic or infrared sensors, sensitive sound accumulator system designed to detect unauthorized entry. The Storage Rooms' exterior is composed of a material that has a Class 125 2-Hour rating for up to 2000 degrees Fahrenheit and Class A Flame Spread Rating. The interior and associated floors, walls, and ceilings are composed of a material that is easily cleaned to ensure maximum quality assurance. The SecureStorage Room is designed to incorporate scalability for surveillance technology and storage capacity to account for operational expansion.

We keep the Distribution Storage Room and other cannabis storage areas securely locked and protected from unauthorized entry. Electronic access controls maintain an electronic daily log of employee with access to the Distribution Storage Room and knowledge of access code or combination along with entry and exit logs with associated time stamps. Access to the Storage Room and any currency storage vaults requires input into a biometric access system with specific authorization for internal operations. We create different access level tiers and assign employees of varying responsibility different access control levels for cannabis and currency access respectively.

### ***Securing Inventory***

Our security measures protect both the premises and our product. We incorporate guidelines from the United States Drug Enforcement Agency into all product security protocols for the implementation, inspection and maintenance of product security systems.

All inventoried product is kept in limited access areas, which are separate from areas where products are displayed in the Retail Department. Batches are kept separately within the Secure Storage Room to avoid the conflating of batches for transport or processing, which could lead to further product security issues throughout the chain of custody. Only Managers, Inventory Team and Cannabis Specialists have access to these areas. Inventory withdrawals and submissions are recorded in electronic records software and in a physical logbook located in the limited access

## OFF THE CHARTS

office. Access to products and cash is determined by facility management and controlled via employee RFID access cards. Electronic and physical records of all successful and failed access attempts are maintained for a period of 7 years. Access record contain information including occurrence date, time, access location, employee name and facility manager on duty.

Product is inventoried in Distru and Metrc before transport to the Secure Storage Room so we can keep track of it at all times. The delivery driver is given a copy of the approved or rejected shipping manifest, indicating the date, time, receiver's name, delivery facilities name and license number, and any discrepancies in delivery. OTC rejects the delivery and sends cannabis goods back to the licensed vendor immediately if delivery fails inspection, has major discrepancies with the Shipping Manifest or COA or lacks proper administrative documents.

### A.2.3.D QUALITY CONTROL PROCEDURES

OTC ensures all cannabis and cannabis products are stored and distributed in a safe and sanitary manner that ensures the identity, strength, quality, and purity of cannabis goods through implementation and enforcement of the general quality control tasks described in this section. Our primary Quality Control responsibilities include:

- 1) Arranging for an employee of a licensed testing laboratory to come to the licensed distribution premises to select a representative sample of each batch of cannabis goods OTC takes possession of for state-mandated laboratory testing
- 2) Monitoring and recording the sampling process
- 3) Conducting a quality assurance review prior to the distribution of a batch to licensed retailers, businesses, or nonprofits
- 4) Ensuring that all defective manufactured cannabis goods are returned to the selling licensee and handling all products that are returned to OTC

We execute these directives using the following core strategies:

**Scheduled QC Tests:** A sample of all product will be analyzed on-site using industry proven testing procedures. OTC will keep electronic records of all testing results. If test results indicate a meaningful deviation from expected standards OTC will reject the incoming product and contact the originating licensee to schedule required abatement or destruction procedures as necessary.

**Random QC Tests:** In addition to regular scheduled quality control testing, OTC will incorporate random testing for its distributed products. Random sampling protocols will choose one product every other month to be sent to a Type 8 ISO accredited Laboratory Testing facility. Since the algorithm will choose not only a product but also a single identifiable item, this added element will preclude OTC from choosing its own sample for testing. If test results indicate a meaningful deviation from expected standards OTC will exercise its recall or remediation policy as necessary.

**Routine Material/Chemical Inspections:** Staff will, on at least a bi-monthly cycle, thoroughly inspect all solvents, chemicals and materials at the distribution facility. Raw materials will be checked for temperature and storage conditions, shelf life compliance, safety compliance and general integrity. Staff will also regularly inspect finished products with basic laboratory equipment. Specifically, staff will check for biological hazards including mold, pests, and foreign substances, as well as chemical hazards such as residual pesticide and solvent traces. If there is any suggestion of compromised product, OTC will exercise its recall policy as necessary.

**Routine Equipment Inspections:** Staff will, on a daily basis, thoroughly inspect all equipment, including full storage room and air filters, facility tools, storage compartments, and personal protective equipment. The overall sanitary conditions of the facility will be reviewed and kept to the highest standards. Any damaged or compromised equipment will be immediately retired and replaced by technology of equal or greater capability.



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**Ongoing Employee Training:** In addition to quality control procedures and oversight by key personnel, each employee at the distribution facility will receive ongoing education on quality control. Employees will be trained to thoroughly inspect and properly handle and store raw materials, in-process materials, and finished product. Employees will also be trained on proper QC protocol, including personal protective equipment and mandatory uniforms, including sterilized laboratory gloves, antimicrobial facemasks, lab coats and goggles.

The following outlines the Distribution Department's standard operating procedures for maintaining compliance with all mandated packaging and labeling, sampling and testing requirements in alignment with our facility-wide Quality Management and Hazard Analysis Risk Based Preventive Controls (HARPC) Systems.

### ***Packaging and Labeling Requirements***

We understand the rigorous packaging and labeling requirements promulgated by local regulations and state law and their importance in ensuring quality assurance while simultaneously preventing theft and diversion to minors. All cannabis goods carried at our store are packaged and labeled in accordance with these regulations to ensure that our product line is aligned with statewide standards and to prevent serious adverse events from occurring in our client base. Cannabis goods must arrive at our store with compliant packaging and labeling for them to be integrated into our inventory management, control and reporting system; we reject any deliveries that do not contain cannabis goods with compliant packaging and labeling. Packaging and labeling compliance also helps ensure that the products carried at our store are not misbranded, adulterated, contaminated or otherwise unlawfully cultivated, manufactured or distributed.

All incoming or outgoing inventory undergoes Quality Control (QC) inspections to ensure no product has been compromised or tampered, and to verify proper product packaging and labeling. QC will include inspection and approval of all components, product containers, closures, packaging materials, labeling and cannabis products. All received goods must be packaged for sale. Management has authority to review inventory records and transfer manifests to assure no errors occurred. Management shall approve or reject all processed, packaged, or manufactured product upon receipt before confirming a transfer manifest. Inspection also includes verification of testing results, labeling compliance, and that all received product is packaged for sales and has not been tampered with.

All products must be properly packaged in resealable, tamper evident, child resistant packages and labeled in compliance with the MAUCRSA, SBMC, CA Health and Safety Code, and relevant provisions of the California Retail Food Code. Package labeling will include the variety, weight, size, pesticides and nutrients used, the date of planting, the date of testing and all other relevant information. Cannabis product labels will be inspected for the following information, which must be displayed in a clear and legible fashion, before being accepted into inventory:

- 1) The following statements, in bold print: **For cannabis: "GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE 1 CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.**
- 2) For packages containing only dried flower, the net weight of cannabis in the package
- 3) Identification of source and date of cultivation, type of cannabis or cannabis product and date of manufacturing and packaging
- 4) The unique batch identification number
- 5) The unique identification number linked to a valid Certificate of Analysis
- 6) The appellation of origin, if any
- 7) List of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and THC and other cannabinoid amount in milligrams for the package total.

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Primary Panel labels must also feature the universal symbol as well as the net weight or volume of the package contents. All labeling text must be a 6-point font or larger and be in relation to the size of the primary panel and container. Any received product that has been tampered with or that doesn't meet OTC's Quality Control requirements, or those of the State of California, are rejected and the transfer manifest will be amended to reflect the rejected product. Rejected product will either be sent back to its origin or will be disposed of in compliance with state disposal requirements.



The dedicated Compliance Officer is responsible for verifying product labelling in accordance with the "For Medical Use" labeling requirements. The statement "FOR MEDICAL USE ONLY," if: (A) The cannabis product is intended by the manufacturer only for sale to medicinal-use customers; (B) The product is an orally-dissolving edible product containing more than 100 milligrams THC per package.

Metrc's track-and-trace software assists with verification of product source by requiring shipping manifests anytime a package moves from a licensed facility. Metrc's shipping manifest includes: (1) name/type of cannabis goods; (2) unique identifier of cannabis goods; (3) amount of cannabis goods, by weight or count; (4) date/time of transaction; (5) name and license number of licensees involved in the transaction. We confirm that the label on the cannabis goods is consistent with the certificate of analysis regarding cannabinoid content and contaminants required to be listed by law. Further, inventory staff inspects packaging to ensure that it has not been tampered with and that it complies with applicable packaging laws. Before receiving cannabis goods, we ensure that the certificate of analysis (COA) for regulatory compliance testing corresponds to the appropriate batch and that the date on the COA is less than 12 months old. We check the label on the cannabis goods to ensure it is consistent with the COA regarding cannabinoid and terpenoid content. Further, we inspect all labels and packaging for regulatory safeguards as prescribed by the Department of Cannabis Control, Manufactured Cannabis Safety Branch.

### ***Packaging and Labeling of Edibles***

Edible cannabis products usually have additional ingredients other than simple cannabis components such as flour, vegetable glycerin, gelatin etc. Thus, edible cannabis products require an additional set of communications via labeling to ensure the consumer understands the product's non-cannabis ingredients and components that may be classified as allergens. These labeling communications include:

- 1) A list of all product ingredients in descending order of predominance by weight or volume. If any product ingredient contains subingredients, the list shall either:
  - a. Include the common name of the ingredient followed by a parenthetical listing of all ingredients in descending order by weight or volume; or
  - b. List all subingredients as individual ingredients in descending order of predominance
  - c. This paragraph shall not apply to flavoring, which shall instead be compliant with the requirement of 21 C.F.R. 101.22, hereby incorporated by reference.
- 2) If the cannabis product contains an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word "contains," followed by a list of the applicable major food allergens
- 3) The names of any artificial colorings contained in the product
- 4) If an edible cannabis product, the amount, in grams or milligrams, of sodium, sugar, carbohydrates, and total fat per serving
- 5) Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use
- 6) The product expiration date, "use by" date, or "best by" date, if any
- 7) The UID and the batch or lot number
- 8) If the cannabis product is perishable or is perishable after opening, the statement, "KEEP REFRIGERATED" or "REFRIGERATE AFTER OPENING," as applicable.

### ***Packaging and Labeling Prohibitions***

Cannabis goods that are accepted or distributed by OTC never have labeling that contains any of the following:

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- 1) The name of a California county, including any similar name that is likely to mislead consumers as to the origin of the product, unless 100% of the cannabis used in the product was grown in that county
- 2) Content that is, or is designed to be, attractive to individuals under 21, including but not limited to:
  - a. Cartoons
  - b. Any likeness to images, characters, or phrases that are popularly used to advertise to children
  - c. Any imitation of candy packaging or labeling
  - d. The terms “candy” or “candies” or variants in spelling such as “kandy” or “kandeez.”
- 3) Any information that is false or misleading
- 4) Any health-related statement that is untrue or misleading; Any health-related statement must be supported by the totality of publicly available scientific evidence (including evidence from well-designed studies conducted in a manner which is consistent with generally recognized scientific procedures and principles), and for which there is significant scientific agreement among experts qualified by scientific training and experience to evaluate such claims.
- 5) If the product is an edible product, a picture of the product contained therein
- 6) For purposes of this section, false or misleading information includes any indication that the cannabis or cannabis product is organic, unless the National Organic Program (§ 6517 of the federal Organic Foods Production Act of 1990 (7 U.S.C. § 6501 et seq.)) authorizes organic designation and certification for cannabis and the cannabis or cannabis product meets the requirements for such designation and certification. This includes use of the word “organic” on the labeling or variants in spelling such as “organix”
- 7) Any labeling in violation of the requirements of the Bureau specified in Section 5040.1 of Division 42 of Title 16 of the California Code of Regulations.

### ***Sampling***

All cannabis goods received by OTC are sampled and tested by a licensed testing laboratory and pass the required testing in order to be released from storage for distribution. OTC maintains compliance with all local and state regulations pertaining to cannabis goods testing at all times, including but not limited to:

- 1) Using approved independent testing laboratories
- 2) Arranging for the performance of testing at the required frequency
- 3) Developing and implementing contamination response plans
- 4) Ensuring compliance with batch and sample size limit
- 5) Storing batches in a manner that prevents the distribution of cannabis goods that have not passed mandatory testing

OTC stores all cannabis goods batches in containers that are separate and distinct from other cannabis good batches in the Secure Storage Room. Each container holding a batch is affixed with a label that meets regulatory requirements described above in the ***Packaging and Labeling Requirements*** portion of this section.

Within 24 hours of taking physical possession of a batch of cannabis goods, the Compliance Officer ensures that any pre-packed or unpacked harvest batch from which a sample is obtained weighs no more than 50 pounds. Our Compliance Officer then contacts a licensed testing laboratory to arrange for a laboratory employee to come to our distribution facility to select a representative sample for testing. OTC’s premises diagram of the distribution facility identifies where batch sampling is to take place. All sampling activities occur in the specific Sampling Area of the Secure Storage Room and are recorded by the surveillance cameras that line the Sampling Area to ensure that no OTC employee has any contact with cannabis goods being sampled or the sampling equipment. OTC keeps the sampling video recordings for a minimum of 180 days, and the recording of the sampling will contain the batch number stated verbally or in writing at the beginning of the video and a visible time and date stamp.

After the sample is taken by the laboratory employee, a chain of custody form is signed by the lab employee and the Compliance Officer. OTC does not arrange for another licensed laboratory to sample a batch that has already been sampled unless the laboratory that conducted the initial sampling failed to meet any requirements.

### ***Testing***

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All testing results is recorded in Distru and Metrc ensure test results are not altered or falsified. The Compliance Officer oversees OTC employees as they review all cannabis batch test results and approve or deny release of the batch. A batch is deemed to “pass” laboratory testing when the samples taken from the batch are determined by testing to meet the specifications for the cannabis good and the regulatory requirements established by the Bureau and any other relevant state or local authority. Batches of cannabis goods that pass laboratory testing are eligible for transport to one or more retailers, microbusinesses conducting retail, and nonprofits as long as a reviewed certificate of analysis accompanies the batches.

Batches of cannabis goods that fail testing must be remediated. OTC either transports the batch or arranges for the transportation of the batch to a licensed manufacturer for remediation. We ensure that a remediation plan is submitted by the licensed manufacturer to the State Department of Public Health or by the licensed microbusiness authorized to engage in manufacturing to the Bureau within 30 calendar days of issuance of the certificate of analysis by the licensed testing laboratory prior to the initiation of any remediation activity. The licensed manufacturer or licensed microbusiness authorized to engage in manufacturing begins remediating the cannabis goods within 30 calendar days of receiving approval from the State Department of Public Health or the Bureau to remediate the cannabis goods.

If OTC is unable to arrange for a licensed manufacturer or microbusiness to remediate cannabis goods within 30 calendar days of receiving the certificate of analysis, OTC destroys the cannabis goods in accordance with the Waste Management Plan outlined in Section E: Neighborhood Compatibility.

### ***Recall***

Recall is an effective method of removing or correcting cannabis products that are in violation of regulations administered by MAUCRSA. Our recall policies recognize the voluntary nature of recall by providing guidance so that we may effectively discharge recall responsibilities. Recall may be undertaken voluntarily at any time or at the request of the DCC. Our recall policies and strategies represent Best Management Practices (BMPs) from the food and drug industries any shall be adopted in good faith to best limit threats to public health and safety. Our recall strategy accounts for the following factors:

- 1) Results of health hazard evaluation
- 2) Ease in identifying the product
- 3) Degree to which the product's deficiency is obvious to the consumer or user
- 4) Degree to which the product remains unused in the marketplace
- 5) Continued availability of essential products

Recall measures are initiated whenever it becomes apparent that cannabis goods included in our overall inventory do not meet the appropriate health standards as established and determined by MAUCRSA and associated government agencies responsible for enforcement of these regulations. Accordingly, it is our policy that any notification of product that poses such threat to human life or public health initiates immediate investigation and recall procedures. Recall procedures require the prompt notification of the Distributor of origin as well as manufacturers and cultivators from which the Distributor received the product. Recall communications are relayed in the form of electronic mail, telephone calls and first class mail. Recall communications are written so as to be brief and to the point, as recommended by the FDA, and include all of the following:

- 1) Clear identification of the product name, size, brand name, batch number, serial numbers, potency, dosage, type, unique identifier code, and any other pertinent descriptive information to enable accurate and immediate identification of the product
- 2) A concise statement of the reason for the recall
- 3) Statement of known or potential hazards
- 4) Provision of the initial shipping date and quantities shipped/received according to track and trace records
- 5) Instructions for consignees to follow in handling the recall and returning recalled product

All written recall communications is conspicuously marked on the outside (e.g. the envelope) and on the enclosed information (e.g. the recall message) of the recall communication with “URGENT CANNABIS RECALL (or CORRECTION)”. Recalls are sent in the most expedient manner possible, which includes electronic mail, telephone



call, and first class mail. All recall communication will be sent with a proof of receipt request and mailed communication shall be by certified mail.

If the basis of the recall amounts to a potential public health concern with an immediate and serious threat to public health, then we also coordinate recall communication through proper media channels. Such efforts include using the service of cannabis industry advertisers, such as Leafly or Weedmaps, to place targeted warning ads aimed at informing all potential consumers of the compromised product of the potential dangers and necessary steps for returning the product.

All recall communications to our customers and patients include instructions to enable them to report the amount of product in their possession and its disposition. Disposal procedures include collecting any compromised product from the Retail Floor or Secure Storage Room and coordinating with customers and patients to return recalled product to our facility so we can coordinate disposal procedures with Gaiaca Waste Revitalization.

All recall notification communications include information pertaining to the return of the compromised product. The following information is included to ensure customers, businesses and vendors are able to return recalled product:

- a) **Business Name:** OTC
- b) **Address:** 900 Civic Center Dr National City, CA 91950
- c) **Phone Number:** (619) 955-9433

General recall instructions will advise customers to contact us directly and schedule a pickup of all returned product by one of our Delivery Drivers.

Weighing and tracking information is entered into the DISTRU POS system and Metrc and we provide weekly progress reports on the status of the recall to the appropriate state and local agencies. Any discrepancies between the total amount of product recalled and the amount collected and destroyed are immediately reported to the California Department of Food and Agriculture (CDFA), the California Department of Public Health (CDPH), the Department of Cannabis Control (DCC), and City Officials.

A recall is terminated with approval from the DCC or any additional agencies determines that all reasonable efforts have been made to remove or correct the product in accordance with the recall strategy, and when it is reasonable to assume that the product subject to the recall has been removed and proper disposition or correction has been made commensurate with the degree of hazard of the recalled product. Written notification that a recall is terminated shall be documented and records retained. We may request termination of its recall by submitting a written request to the DCC stating that the recall has been effective and by accompanying the request with the most current recall status report and a description of the disposition of the recalled product.

### ***Internal Audits***

An Internal Audit is conducted annually by the Operations Manager and the CEO. Audits contain compliance components for local, state, and applicable federal regulations that must adhere to as well as best business practices executed by OTC. An audit is summarized in an Audit Report and subsequent Corrective Action Request Forms are filled out as needed to address all areas of non-conformance that were discovered in the audit. Of the numerous OTC internal quality assurance audits that will occur throughout each year, at least one quarterly audit consists of a comprehensive review of distribution facility records to ensure that commercial cannabis activity is accurately recorded as required by applicable law, regulation, and OTC policy. Any findings of non-conformance will be communicated to the Operations Manager and CEO responsible for overseeing the department where the non-conformance(s) occurred. The agreed upon action date takes into consideration the severity of the non-conformance and the time needed to take corrective action. The Corrective Action Request is only closed once the Operations Manager and CEO are satisfied that the issue has been adequately and permanently addressed.

### **A.2.3.E LOCAL AND STATE COMPLIANCE: DISTRIBUTION**

The compliance overview below outlines our day-to-day operations as they pertain to *NCMC § 9.60.290 Operating Requirements for Distributors*:

The logo for 'OFF THE CHARTS' is centered at the top of the page. It features the words 'OFF THE' in a light blue, sans-serif font above the word 'CHARTS' in a larger, bold, white, sans-serif font. The background of the logo is a teal and blue abstract pattern.

**NCMC § 9.60.290(A):** OTC's Distribution service is involved in storage, transportation and wholesale of cannabis goods to cannabis licensees. At no time will OTC's distribution service store, transport or sell non-cannabis goods.

**NCMC § 9.60.290(B):** After taking possession of a cannabis goods batch, OTC quarantines product awaiting testing from a licensed testing lab. We contact our local cannabis testing laboratory to select a representative sample from cannabis batches immediately after taking them into possession. All cannabis sampling is monitored by an OTC employee to ensure the testing agent takes the correct sample and one that is within the prescribed limits for cannabis batch testing.

**NCMC § 9.60.290(C):** All cannabis goods batches taken into storage for distribution are stored in individually labeled totes separate from other cannabis good batches.

**NCMC § 9.60.290(D):** All cannabis sampling is monitored by an OTC employee to ensure the testing agent takes the correct sample size and one that is within the prescribed limits for cannabis batch testing.

**NCMC § 9.60.290(E):** All cannabis sampling is monitored by an OTC employee to ensure the testing agent takes a representative sample of the batch. This includes taking increments throughout the batch. In addition to employee monitoring, OTC ensures that all batch sampling occurs under video surveillance with video recordings being held for a minimum of 90 days.

**NCMC § 9.60.290(F):** All products received by OTC that do not have a Certificate of Analysis will undergo state mandated testing. OTC only distributes cannabis goods that have passed the state mandated testing protocols. All batches sold through our distribution service are accompanied by a certificate of analysis which show each batches testing results. No batches are transported until it is certified by a testing lab as being in compliance with the State's health and safety requirements.

## OFF THE CHARTS

25 local Palm Springs residents out of 35 total employees. We have vast experience in working with the community to source qualified candidates from all different walks of life and we are applying this experience to bolster the local economy in National City through job creation.

One of the guiding principle of the 2011 General Plan is “Economic Development,” where the City is able to “provide a framework for sound economic development strategies.” This should start with the people of National City and expanding employment opportunities for local residents. OTC upholds this guiding principle and contributes to the city’s diverse economic base by striving to maintain no less than 70% of its workforce, including managerial, ownership, and low-level positions, as individuals whose primary residence National City or San Diego County. We seek out team members from non-traditional sources to ensure employees continue to represent the diversity that exists at our retail locations. OTC also sources employees from surrounding areas in San Diego County with disproportionately impacted populations and economically disadvantaged areas. By actively seeking employees from the local community, OTC aims to offer jobs to promote socially equitable hiring and employment practices. We seek to encompass a diverse employee base and create a secure environment for staff and clients with varying backgrounds and identities. OTC is confident it can create an innovative environment that embraces diversity and respect for all peoples by engaging local organizations with mission statements that align with OTC’s ethos. We look to employ competent individuals who excel in customer service, understand the importance of compliance, and have a passion for our industry. These qualifications do not require a collegiate education or narrow skill set to be successful and our job opportunities are open to all interested and qualified individuals. Our client base is represented by all walks of life; likewise, our team members should be equally as diverse. We are proud to be able to offer equal pay with comprehensive benefit options, employee assistance, and generous time-off policies for all positions.

## JOIN OUR TEAM

**Off The Chart’s greatest asset is our people.**

We are working with community organizations and non-profits that offer employment services to execute this initiative. OTC has already begun communicating and strategizing with local employment agencies and job skills training organizations such as Express Employment Professionals and Spherion to help source qualified San Diego County and National City residents. We are also replicating our work with cannabis-specific employment agencies such as Vangst, FlowerHire, Careers in Cannabis, and Mericratic Society in National City to ensure we are sourcing qualified individuals with cannabis business experience. Beyond these efforts we feature job listings at San Diego County Universities including University of San Diego, San Diego State University, University of California San Diego, California Baptist University and others. OTC also advertises open positions on Indeed, Glassdoor, Ziprecruiter and Monster’s websites and participates in various local Career Expo job fairs such as:

- **Project COVID:** targeted to support community members whose jobs were impacted by COVID-19 outbreak
- **Diversity Hire:** targeted to support San Diego County’s diverse community and empower them to find their next dream opportunity
- **Veteran Works:** targeted to support our nation’s heroes in transitioning from active duty into the workforce

Job postings are made public for a minimum of 30 days, and posts shall only include qualifications and skills necessary for the job using inclusive, unbiased, ungendered language. Eligible candidates should be driven to learn about cannabis and committed to providing the highest level of customer service. The following list highlights some qualifications for OTC’s Cannabis staff: (1) High School or equivalent education; (2) customer service/retail experience; (3) superior communication skills; (4) competent cash handling skills; (5) Point of Sales experience; (6) social media proficiency; (7) cannabis knowledge; (8) willingness to be a team player; (9) willingness to take instruction.

## OFF THE CHARTS

In addition to the above resources, postings are advertised widely across the local community, including in local publications. All hiring decisions must go through OTC's hiring committee, which is comprised of Management and two Cannabis Specialists. The hiring committee is provided with application evaluation checklists, which include prioritizing equal access opportunities, a list of interview questions, and key guidelines for ensuring the decision-making process is transparent and unbiased. Additional consideration is given to candidates who are: (1) low-income applicants; (2) National City residents; (3) veterans or seniors; (4) applicants with expugnable cannabis convictions or who are members of families that have been negatively impacted by other members' cannabis convictions. OTC is committed to establishing and maintaining hiring practices that incorporate and promote socially equitable hiring and promotions. OTC aims to have an immensely diverse representation of qualified employees and patrons from minority communities as a result of progressive hiring and recruitment policies. OTC encourages diverse, fair hiring and supplements traditional job-site recruitment methods with in-house referrals and targeted advertisements.



All postings issued by OTC highlight diversity, and encourage everyone regardless of race, color, religion, national origin, ancestry, sex, disability or age to apply for employment. OTC adopts and builds upon targeted hiring methods to institute inclusive hiring practices that seek qualified employees from, and advertise positions to, veterans and seniors; women; and disproportionately impacted communities.

Concentrating revenue and financial gain within National City's business community is a catalyst for improving community members' socioeconomic status as the city has a heightened ability to bolster community programs and provide opportunities for residents. Rather than look to large corporations with national footprints, OTC works with businesses with strong local roots to secure supplies, equipment and services from local businesses. We maintain a large network of local vendors for equipment, supplies and services and look to develop more local sourcing outlets over time.

OTC conforms to hiring practices mandated by the Equal Employment Opportunity Commission as well as the Department of Fair Employment and Housing. Our recruitment, hiring, and promoting are executed with an eye toward diversity and inclusion; our goal is to use best practices to hire locally whilst increasing representation and diversity amongst the OTC team. While maintaining legally compliant hiring protocols, OTC is focusing National City hiring efforts on the National City and San Diego County communities. We aim to attract local talent including individuals who are underrepresented in the industry as well as general working populations, including women, disabled persons, seniors, veterans, minorities, LGBTQ, and gender non-conforming individuals.

OTC is excited to form a partnership with the community of National City. We plan to join the local chamber of commerce and make inroads with neighbors as well as local businesses. It is important to hire, train, and mold a proficient staff to uphold the professional and high standard of operations expected of OTC employees. Managerial staff works closely with staff members to ensure efficiency, professionalism, organization and sanitation of the facility. Our goal is to fulfill staffing requirements with local talent and skill, and we work with the community to hire locally as much as possible.





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# **OFF THE CHARTS (OTC)**

## **900 CIVIC CENTER DRIVE NATIONAL CITY, CA 91950**

### **Section C. Safety Plan**

Rev 3.0



April 5, 2022

#### **DISCLAIMER**

This report is the property of Klausbruckner & Associates, Inc. and was prepared exclusively for use by OTC (alternatively known as “the owners” or “the business owners” throughout this report) for the Fire Code Summary Report. OTC conditions and operations addressed herein are based on information provided for the report by OTC. Discrepancies between the information presented herein and actual conditions and conditions presented on plans are the sole responsibility of OTC. Verification of compliance with the Code requirements and provisions addressed herein is outside the scope of this report. Copies of this report retained by OTC shall be utilized only by OTC for the conditions and requirements addressed in this report.

This report shall not be used as, or in lieu of, construction documents or plans for this project or any other project or for any other purpose or conditions not specifically addressed in this report. This is not intended as a complete code compliance report and is only specific to a summary list of existing and proposed fire code recommendations.

The following is a summary of the fire protection requirements and additional proposed recommendations for a new Cannabis light assembly with ancillary retail dispensary facility, namely Off the Charts (otherwise known as OTC). It must be noted that a more detailed plan and design will be provided as part of the fire and building permit submittal package upon approval of this phase of submittals.

**Project Description:** The proposed project is a 4,986 square foot suite within an existing 12,142 square foot corrugated metal building located at 900 Civic Center Drive. The ancillary retail on the first floor is approximately 1,727 square feet, less than 40% of the gross floor area for the suite. The building is a two-story building and of Type IIIB Construction. The proposed occupancy is classified as a non-separated use M and F-1, as allowed by CBC Section 508.3. There are no proposed cultivation, or extraction. Other than light assembly/re-packaging of plant parts (e.g. flowers) and hash, there is no processing/manufacturing and/or grinding of the leaf/plants within this facility.

The suite will **not** be used for the following Cannabis operations:

- Extraction
- Cultivation
- Processing of Plants (except re-packaging)

Additionally, it must be noted that there is **no** proposed storage or use of the following materials within the light manufacturing/packaging, retail, or dispensary:

- Carbon Dioxide gases
- Compressed gases
- Combustible Fibers
- Flammable and/or combustible liquids
- Fumigation and Insecticidal Fogging used for cultivation
- Hazardous materials of any kind, except standard cleaning materials/janitorial products used within a typical retail store
- High Piled Storage (storage limited to 5 feet in height in M-Occupancy/retail and 10 feet in height for storage of leaves in Storage/Processing)
- Liquid petroleum gas (other than natural gas piped to fixed appliances such as hot water stoves, etc. if meeting California Fuel Gas Code and California Mechanical Code). There is no gas monitoring equipment as there are no extraction processing (e.g. butane extraction) or growing (e.g. using CO2 gas) occurring.

**C.2 Fire Prevention and Suppression Measures**

- **Occupancy Separation:** Per CBC Table 508.4, no occupancy separation is required between M and F-1 Occupancies. However, 1-hour fire barrier walls are recommended between Off The Charts portion of the facility and the adjacent tenant(s) to separate hazardous materials control areas as well as to separate hazards in the adjacent suite.
- **Operational Permits:** OTC agrees to obtain any operational permits required by the authority having jurisdiction.

NOTE: Materials Safety Data Sheets/Safety Data Sheets, if applicable, will be on the property and made easily accessible prior to an occupancy permit. Containers and/or packages related to hazardous materials shall be properly labeled and warning signage shall be properly displayed and easily visible.

- **Automatic Fire Sprinkler System:** The building is unsprinklered. Due to the limited size of the building, an automatic fire sprinkler system is not required for the type of construction, square footage and occupancy. See architectural plans for allowable area calculation for an unsprinklered building. Protection of the building will be accomplished using a combination of detection and manual fire department suppression.
- **Fire Alarm:**
  - **Horns & Strobes:** Horns & strobes are recommended for the retail/sales portion of the facility. Horns and strobes to be designed by the architect of records as part of the TI (tenant improvement) plans submittal as part of the fire and building permit process.

- **Manual Pull Station(s):** At least one manual pull station is recommended within the retail portion of the facility.

As mentioned previously, there is no gas monitoring equipment as there are no extraction processing (e.g. butane extraction) or growing (e.g. using CO2 gas) occurring. Horns and strobes will be provided for the retail/sales portion of the facility.

- **Portable/Handheld Fire Extinguishers:** Per CFC Table 906, portable fire extinguishers shall be installed in new and existing Group F-1 and M occupancies

Per CFC Table 906.3(1) & 906.3(2), the following is the proposed fire extinguisher type and layout: 2-A:20-B:C @ Travel Distance ≤ 50 Feet (i.e. maximum separation of 100 ft)

The owners agree to comply with the requirements for fire extinguishers. One extinguisher may provide coverage to a maximum of 3000 ft<sup>2</sup>. Fire extinguisher types and locations will be provided by the owners, their architect, or fire extinguisher vendor and approved by the fire department.

Portable fire extinguishers shall be located in conspicuous locations where they will have ready access and be immediately available for use. These locations shall be along normal paths of travel, unless the fire code official determines that the hazard posed indicated the need for placement away from normal paths of travel. Portable fire extinguishers shall not be obstructed or obscured from view. In rooms or areas in which visual obstruction cannot be completely avoided, means shall be provided to indicate the location of extinguishers. Proper maintenance of the installed portable fire extinguishers is the responsibility of the occupant or property owner.

A preliminary fire extinguisher layout will be provided by as part of the building permit submittal package, pending fire department submittal and approval. Any revisions to the fire extinguisher layout will be corrected based on fire plan review comments at the time of the building construction plan submittal package for the tenant improvement.

- **Classified Electrical:** Classified electrical is not applicable as hazardous materials are not proposed. Ordinary electrical meeting standard retail and light manufacturing in accordance with applicable sections of the CEC (California Electrical Code), CBC (California Building Code), and CFC (California Fire Code) is appropriate.
- **Locks and Key Box:** The installation of a key box in an approved location, which will permit timely access to the facility in the event of an emergency is recommended and proposed. A key box shall be installed in accordance with CFC Section 506.1. The key box shall contain keys or devices to allow for entry through the fire department access doors. Per CFC 506.1, where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, the fire code official is authorized to require a key box to be installed in an approved location. The key box shall be of an approved type listed in accordance with UL 1037, and shall contain keys to gain necessary access as required by the fire code official. An approved lock shall be installed on gates or similar barriers where required by the fire code official. The operator of the building shall immediately notify the fire code official and provide the new key where a lock is changed or rekeyed. The key to such lock shall be secured in the key box.
- **Premise Identification:** All buildings are required to be provided with address identification. This address must be visible from the street or road fronting the property and contrasting with the background of the building. Signage that identifies the name of the business is not regulated by fire code, but may be regulated by City of National City.
- **Fire Department Access:** Per CFC 503.1.1, approved fire apparatus access roads shall be provided within 150 feet of all portions of the facility and all portions of the exterior walls of the first story of the building as measured by an approved route around the exterior of the building or facility.

Per CFC 503.2, fire apparatus access roads shall be installed and arranged in accordance with the following:

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- **Dimensions:** Fire apparatus access roads shall have an unobstructed width of not less than 20 feet, exclusive of shoulders, except for approved security gates in accordance with Section 503.6, and an unobstructed vertical clearance of not less than 13 feet 6 inches.
- **Authority:** The fire code official shall have the authority to require or permit modifications to the required access widths where they are inadequate for fire or rescue operations, or where necessary to meet the public safety objectives of the jurisdiction.
- **Surface:** Fire apparatus access roads shall be designed and maintained to support the imposed loads of fire apparatus and shall be surfaced so as to provide all-weather driving capabilities.
- **Turning Radius:** The required turning radius of a fire apparatus access road shall be determined by the fire code official.
- **Dead Ends:** Dead-end fire apparatus access roads in excess of 150 feet in length shall be provided with an approved area for turning around fire apparatus.
- **Bridges and Elevated Surfaces:** See CFC Section 503.2.6
- **Grade:** The grade of the fire apparatus access road shall be within the limits established by the fire code official based on the fire department’s apparatus.
- **Angle of Approach and Departure:** The angle of approach and departure for fire apparatus access roads shall be within the limits established by the fire code official based on the fire department’s apparatus.

Access roads are existing and have been previously approved as part of the shell/original building. There are no proposed changes to the fire department access roads.

- **Smoking & Sources of Ignition:** Smoking shall be prohibited. Approved “NO SMOKING” signs shall be conspicuously posted. Open flames and ignition sources of any kind shall be prohibited within the proposed facility.
- **Housekeeping and Maintenance:** Per CFC Sections 901.6, the following are general maintenance and safety requirements:
  - **Fire Protection Systems.** Fire protection systems shall be maintained in an operative condition at all times and shall be replaced or repaired where defective. Additionally, any existing non-required fire protection systems (i.e. extinguishing systems, etc.) shall be inspected, tested and maintained or removed.
  - **Path of Egress Travel:** All egress components and paths of egress travel shall be maintained and unobstructed.

• **Evacuation Plan**

**Evacuation Drill Policy**

1. Evacuation drills shall be conducted at least once every four months at unexpected times and under varying conditions to simulate the unusual conditions that occur should an evacuation be necessary. These drills may be obstructed, (having various means of exit made temporarily unavailable) in order to familiarize occupants with secondary routes of evacuation, or unobstructed.
2. Evacuation drills will be scheduled by *the business owner or a person designated by the owner trained for this procedure*, at least one week prior to the drill. The business owner or his designee will be considered as the “The Evacuation Coordinator.”
3. Evacuation drills shall involve **all** occupants. Everyone shall leave the building when the fire alarm sounds. Exceptions are strongly discouraged. It may be advisable to notify anyone needing special assistance prior to planned evacuation drills.
4. In the conduct of drills, emphasis shall be placed upon orderly evacuation under proper discipline rather than upon speed. All staff including the Evacuation Coordinator is expected to perform his or her assigned duties as if in an actual emergency situation.

Provisions should be made for timing and evaluating the orderliness of each drill. The Evacuation Coordinator will provide Evacuation Drill Report forms.

**Employee Responsibility:** The following information will be provided and will be part of the employee training:

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1. You are responsible for your own safety! **Stay calm** - avoid panic and confusion.
2. Know the locations and operation of **fire extinguishers**.
3. Know how to report an emergency (**911**).
4. When the fire alarm sounds, make sure **other personnel and customers** in your immediate area are aware of the alarm.
5. Inform visitors of pertinent information about evacuation procedure as soon as visitors arrive.
6. **Close** but **DO NOT LOCK** doors as you leave. Items requiring security may be placed in a locking file cabinet or desk drawer on the way out. Turn off unnecessary equipment, if possible.
7. Know the locations of primary and alternate exits. During an emergency, walk to the nearest exit and **evacuate** the building.
8. Go to your assigned **area of assembly** outside the building and wait there. Do not leave the area unless you are told to do so.
9. List areas of assembly. More than one area may be needed. Areas of assembly should be approximately 200 feet from the building and clear of emergency vehicle access. See Figure 1 for preliminary location for area of assembly, along with the site plan showing access roads. However, this location can be changed by the Evacuation Coordinator and is pending fire department approval.
10. **Persons needing special assistance** not able to exit directly from the building are to proceed to and remain in an area of refuge. Inform evacuating occupants to notify the Evacuation Coordinator of your location. Fire Department personnel will evacuate occupants needing special assistance from the building.
11. **Do not re-enter** the building until you have been notified to do so. Emergency personnel often silence the alarm in order to communicate with each other. Silencing the alarm is **NOT** a signal for occupants to re-enter!

**Evacuation Coordinator’s Responsibility:**

The following are the Evacuation Coordinators Responsibilities:

1. Serve as a **liaison** with emergency responders (e.g., fire department, police department, ambulance, Environmental Health & Safety).
2. Meet responders upon their arrival and convey specific **information about hazards** in the building, access, locations of persons with special needs, etc.
3. **Maintain communication** with Contact Personnel regarding the status of the emergency.
4. Upon receiving clearance from the emergency responders, notify Contact Personnel and building occupants that the building is **safe for re-entry**.
5. Keep and update Evacuation Plan, Contact Persons and Numbers, and Floor Diagrams.
6. Conduct and/or assist in Fire Drills.
7. Assign area to assemble after evacuation.
8. Assist in training and/or scheduling of training the building occupants in emergency procedures.

**Evacuation Coordinator’s Procedure:**

The following are recommended Evacuation Coordinators Responsibilities, pending fire department approval, which they will be trained in:

1. Notify the Emergency Operator (**911**) if you have information related to the emergency. Be ready to provide:
  - a. Your Name
  - b. Building Address Including Suite Number
  - c. Size and Type of Emergency
  - d. Any Additional Information Requested by the Operator
2. Alert all occupants in the building. Check remote areas such as restrooms and storerooms and **close doors** if possible on your way out. Maintain orderly evacuation of occupants.
3. Ensure that all **personnel with special needs** are alerted and that someone is assisting with their evacuation.
4. If you are not in immediate danger:
  - You may attempt to determine which smoke detector or pull station was activated.
  - If you are trained in the proper use of portable fire extinguishers, you may attempt to fight or contain a fire. Do not place yourself or others in unnecessary danger.

5. Evacuate the building and **report pertinent information** to the emergency responders (e.g., evacuation status, location of persons with special needs, type and location of emergency).
6. Do not allow personnel to re-enter the building until you have been notified to do so. Emergency personnel often silence the alarm in order to communicate with each other. ALL employees should be trained to understand that silencing the alarm is **NOT** a signal for personnel to re-enter.

**Contact Personnel’s Responsibility:**

The following are the Contact Personnel’s Responsibility, pending fire department approval, which they will be trained:

1. Routinely **inspect** for possible fire hazards on site and report to the Evacuation Coordinator.
2. Know locations of and how to use all **fire protection equipment** in the building suite.
3. Ensure that occupants (including new employees) are **familiar** with evacuation procedures.
4. Understand the responsibilities on evacuating customers.
5. Be aware of **building occupants with special needs** who may need assistance during an evacuation (e.g., hearing- or sight-impaired, on crutches, in a wheelchair).
6. As an integral part of the building’s **emergency communication** network, Contact Personnel are to ensure that occupants in the building are aware of an emergency and the need to evacuate.
7. Call **911** whenever a situation could pose immediate danger to people, property, or processes in the building.
8. Assist in the **evacuation process** as indicated in the Evacuation Coordinator’s Evacuation Procedure.
9. Proceed to your **assigned entrance** until further notice from the Evacuation Coordinator. Do not allow personnel to re-enter the building until you have been notified to do so. Emergency personnel often silence the alarm in order to communicate with each other. ALL employees should be trained to understand that silencing the alarm is **NOT** a signal for personnel to re-enter.

**Communication:** These Accident & Incident Reporting Procedure and Evacuation Procedures are communicated to all managers/supervisors and employees through training sessions, postings on health and safety bulletin boards, health and safety committees, and coaching of employees by managers/supervisors found to have contravened the procedure. This procedure is also reviewed annually through applicable performance reviews.

**Emergency Contact and Response Plan** – OTC is designating an emergency contact to whom notice of any fire, medical emergency or other serious adverse event can be reported 24 hours a day, 7 days a week. The emergency contact’s information will be provided to the Police and Fire Chiefs so an emergency notice can be provided at all hours of the day. See table above for Emergency Contact Personnel list.

**Evaluation:** Employee compliance with incident reporting procedures is monitored regularly as part of manager/supervisor responsibilities. The procedure is reviewed annually to ensure it remains current. OTC will utilize a Health and Safety Incident Report Form. It is imperative that each employee is made aware that anything reported that could potentially involve other employees, specifically managers and supervisors, will be kept confidential in accordance with company non-retaliation policies. The Health and Safety Incident Report Form is introduced and covered in Safety Training.

**Accident and Incident Records:** OTC will maintain all documentation related to an incident that is reportable in accordance with OTC’s security policies and procedures for at least three years, and OTC will make such documentation available to National City and authorized law enforcement officials upon request.

**Evacuation Procedures for Individuals with a Disability:** Persons with a disability or medical condition may not be able to evacuate without special assistance. Employees should inform their Contact Personnel of any special needs that may be necessary during an emergency situation using the Emergency Evacuation Special Needs Notification (See Attachment A for a sample form). The Contact Personnel will communicate the special needs with the Evacuation Coordinator and other emergency personnel as appropriate.

The Contact Personnel should ensure that individuals with disabilities are provided with assistance during an emergency situation.

- **Privacy:** The ADA and the Rehabilitation Act strictly limit how, when, and what type of information can be gathered about an employee’s medical condition, even for purposes of emergency preparedness. Additionally, the Rehabilitation Act, Federal Privacy Act and the Information Practices Act of 1977 require that medical information be kept in a file separate from the employee’s personnel file.  
Off the Charts agrees to comply with all Federal and State Laws related to Privacy.
- **Buddy System Option:** Individuals with a disability should inform colleagues of any special assistance that may be required in the event of an emergency or emergency evacuation (i.e, hearing the alarm, guidance during the alarm, etc.).

**Person Needing Assistance**

..... **“Buddy”**

*(Insert person’s name here)*

*(Insert Buddy’s name here)*

*NOTE: There are no persons needing assistance at this time. This list will be updated should a person needing assistance is employed by Off the Charts in the future. Additionally, correspondences and forms similar to those in Appendix A will be sent to all employees by the Evacuation Coordinator.*

When there has been notification of an emergency situation, the "Buddy" will make sure of the location of the person with a disability, then go outside and inform emergency personnel that a person in that location needs assistance in leaving the building. Emergency personnel will then enter the building and evacuate that person. Use of the "Buddy System" along with the following evacuation options will help to assure the prompt evacuation of any person with a disability:

- **Horizontal Evacuation.** Move away from the area of imminent danger to a safe distance (i.e. another wing, adjoining building, opposite end of corridor, outside to ground level).
- **Stay in Place.** Unless danger is imminent, remain in a room with an exterior window and a telephone, closing the door if possible. Dial **911** (if this hasn't been done). The operator will give emergency personnel the location of the disabled person who needs evacuation assistance. If phone lines fail, the disabled person can signal from the window by waving a cloth or other visible object.
- **Disability Guidelines:** Prior planning and practicing of emergency evacuation routes are important to ensure a safe evacuation
  - **Mobility Impaired (Wheelchair & Non-Wheelchair).** Persons using wheelchairs should stay in place or move to an area of refuge created by Off the Charts with their “buddy” when they are notified of an emergency situation. If a building evacuation is required, the Mobility Impaired individual, with the assistance from their “buddy” should then proceed to the evacuation assembly point outside the building and tell emergency personnel the location of the person with the disability. If the person with the disability is alone, the person should dial 911 and tell the emergency operator their location and that they need assistance.
  - **Visually Impaired.** The proposed M Occupancy (retail sales) will be equipped with fire horns/strobes that sound the alarm and/or flash strobe lights. The horn is for sight-impaired persons. Most people with a visual impairment will be familiar with their immediate surroundings and frequently traveled routes. Since the emergency evacuation route is likely different from the commonly traveled route, persons who are visually impaired may need assistance in evacuating. The employees will be trained and should offer help to the individual with visual impairment and guide him/her through the evacuation route.

**Exits, Exit Signage, Egress, Aisles:** Plans have been provided by the architect of record (Ren Studios) showing compliance with CBC Chapter 10 as part of the Fire and Building Plan submittals. The following general egress regulations apply to M and F-1 Occupancies for an unsprinklered building:

**F-1 Occupancy**

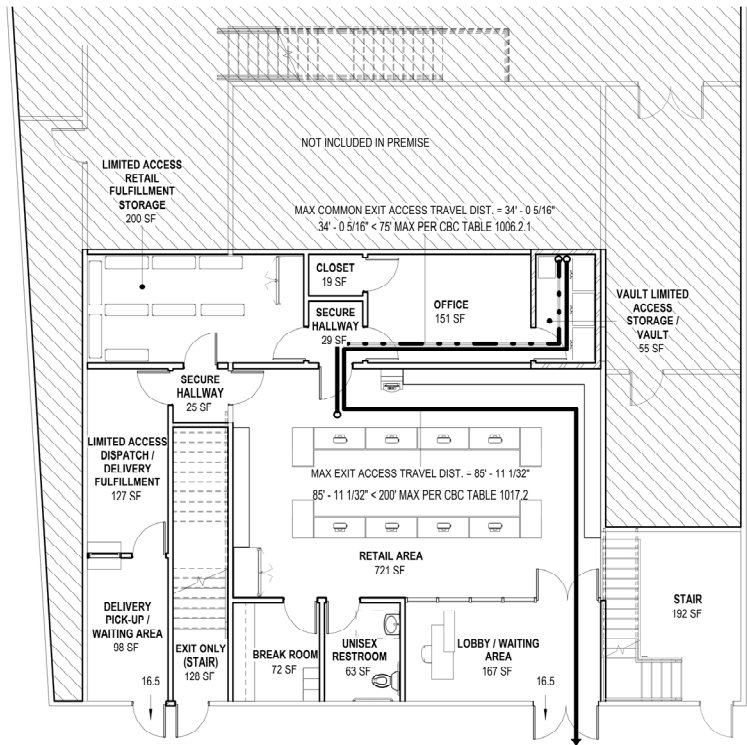
- Per IBC 1005.3.2, egress width components other than stairways shall be 0.2 inch/occupant.
- Per IBC Table 1006.2.1, spaces with only one exit or exit access doorway shall have a maximum occupancy load of 49 and the common path of egress travel shall not exceed 75 feet.
- Per IBC Table 1017.2, exit access travel distance shall not exceed 200 feet.

- Per IBC 1020.4 Exception 2, dead ends through common path of egress shall not exceed 20 feet.

**M Occupancy**

- Per IBC 1005.3.2, egress width components other than stairways shall be 0.2 inch/occupant.
- Per IBC Table 1006.2.1, spaces with only one exit or exit access doorway shall have a maximum occupancy load of 49 and the common path of egress travel shall not exceed 75 feet.
- Per IBC Table 1017.2, exit access travel distance shall not exceed 200 feet.
- Per IBC 1020.4 Exception 2, dead ends through common path of egress shall not exceed 20 feet.

The following egress plan has been prepared by Ren Studios:



**EGRESS LEGEND:**  
  
 ---○---○---  
 COMMON PATH OF TRAVEL  
 ———→  
 MAX EXIT ACCESS  
 (INCLUDES COMMON PATH)  
 ##  
 EXIT DOOR OCCUPANT LOAD

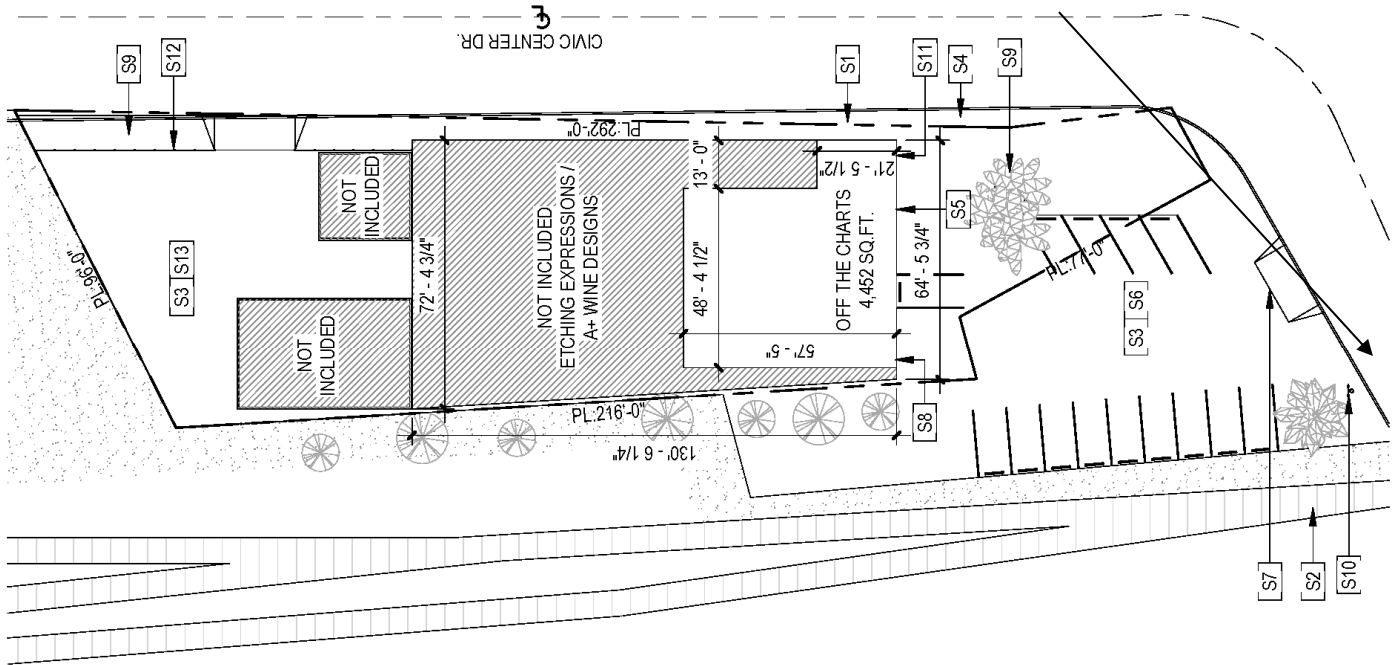
OCCUPANT LOAD ANALYSIS

NAME	OCCUPANCY	AREA	LOAD FACTOR	OCCUPANT LOAD
LEVEL 1 - FIRST FLOOR				
LOBBY / WAITING AREA	A-2	167 SF	15 SF	11
RETAIL AREA	M	721 SF	60 SF	12
UNISEX RESTROOM	N/A	63 SF		0
BREAK ROOM	M	72 SF	60 SF	1
SECURE HALLWAY	N/A	29 SF		0
OFFICE	B	151 SF	150 SF	1
VAULT LIMITED ACCESS STORAGE / VAULT	S-1	55 SF	300 SF	0
CLOSET	S-1	19 SF	300 SF	0
LIMITED ACCESS RETAIL FULFILLMENT STORAGE	S-1	200 SF	300 SF	1
SECURE HALLWAY	N/A	25 SF		0
LIMITED ACCESS DISPATCH / DELIVERY FULFILLMENT	S-1	127 SF	300 SF	0
DELIVERY PICK-UP / WAITING AREA	A-2	98 SF	15 SF	7
EXIT ONLY (STAIR)	N/A	128 SF		0
STAIR	N/A	192 SF		0
		2047 SF		33

1 FIRST FLOOR DIAGRAM  
 1/8" = 1'-0"  
 OFF THE CHARTS - OCCUPANT LOAD DIAGRAM  
 900 CIVIC CENTER DRIVE, NATIONAL CITY, CA 91950  
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**Figure 1.** Preliminary recommendations for Assembly Point/Area in the event of an incident:  
Preliminary Assembly Point/Area



**C.3 Accident & Incident Reporting Procedure and Evacuation Procedures**

The purpose of this procedure/guideline is to outline the requirements, recommendations, methods and outcomes of reporting all occupational accidents, illnesses and incidents. The following event types, injury and/or illnesses will be reported, regardless of the nature/severity of the event: Fatality, Fire, Property Damage, Critical Injury/Illness, First Aid Treatment, Near-miss Incident, Lost-time Injury/Illness, Theft/Burglary/Robbery, Environmental Release, Occupational Disease, Miscellaneous Accidents, Chemical/Biological Exposure, Explosions

**Roles & Responsibilities (Employee):** Any employee who witnesses any of the above incidents shall immediately report the incident to an on-site manager of the facility’s designated emergency contact. An employee who sustains an injury or becomes ill as a result of workplace conditions or work activity must verbally report the injury or illness to a manager/supervisor immediately (not necessarily their own). If, because of the nature of the incident, injury, or illness, an employee is unable to report, it is the responsibility of any other worker, who happens upon the event, to promptly report the event to a manager/supervisor. The employee or supervisor shall then fill out the Incident Report Form and contact any Emergency Services as necessary.

Emergency Contact Personnel will be clearly designated by populating the following table with the approval of the fire department prior to occupancy:

Name	Office Location	Office Phone	Cellular Phone	Title
Norman Yousif	900 Civic Center Drive, National City, CA	(619) 792-6219	(619) 792-6219	Owner
<b>TBD (Store Manager)</b>	900 Civic Center Drive, National City, CA	TBD	TBD	Evacuation Coordinator
<b>TBD</b>	900 Civic Center Drive, National City, CA	TBD	TBD	Alternative to Evacuation Coordinator
<b>TBD</b>	900 Civic Center Drive, National City, CA	TBD	TBD	Employee #1 Responsible for Evacuation of Customers
<b>TBD</b>	900 Civic Center Drive, National City, CA	TBD	TBD	Employee #2 Responsible for Evacuation of Customers

The roles of each personnel during an emergency will be described in detail and approved by the authority having jurisdiction prior to occupancy. Disability guidelines will be provided as part of the emergency and evacuation, to be approved by the authority having jurisdiction.

This page will be posted near Entrances to the building. During employee drills and training make employees will be made aware of this page and location of posting:

Name Phone#

**Emergency Operator** (All life-threatening Emergencies) ..... **911**

- a. Your Name
- b. Building Address Including Suite Number
- c. Size and Type of Emergency
- d. Any Additional Information Requested by the Operator

**Area Maintenance** (Building Problems and Repair)..... (TBD)  
**After-hours Maintenance**..... (TBD)  
**Environmental Health & Safety Dept.** (Chemical spills/problems)..... (TBD)  
**After normal work hours**..... (TBD)  
**Building Evacuation Coordinator** (TBD)..... (TBD)  
**National City Police** ..... 911  
**National City Police Department** (Non-Emergency)..... (619) 336-4411  
**National City Fire Department** ..... 911  
**National City Fire Department** (Non-Emergency)..... (619) 336-4550

**Roles & Responsibilities (Management):** The manager/supervisor, upon notification of incident must:

- (1) Immediately determine if the incident requires contacting Emergency Services (ie: Police or Fire)
- (2) Promptly ensure that, if required, first aid is administered by a qualified first aid provider
- (3) Ensure individuals are given medical treatment and, if necessary, provide emergency transportation
- (4) Additional rescue/response (SERT, Hazmat, etc.) teams are notified as necessary

(5) Complete the Incident Report Form and distribute a copy to the Supervising Manager or Ownership

The following information will be provided to all employees:

“If the need for an Evacuation is discovered:

2. Activate manual alarm pull station if possible
3. If you are not in immediate danger, notify the Emergency Operator (911) and provide the following:
  - a. Your Name
  - b. Building Address Including Suite Number
  - c. Size and Type of Emergency
  - d. Any Additional Information Requested by the Operator
4. If you are not in immediate danger, also notify the Evacuation Coordinator. Your Evacuation Coordinator is the General Manager on Duty.
5. If you are trained in the proper use of portable fire extinguishers and are not in immediate danger, you may attempt to fight the fire if the fire only involves ordinary combustibles. Do not attempt to fight the fire using handheld extinguishers if hazardous materials are present in the room. Do not place yourself or others in unnecessary danger.
6. All employees should be trained to understand that silencing the alarm is **NOT** a signal for personnel to re-enter

**If you are trapped in the building and cannot find an escape route, call Emergency Operator (911) and give your exact location.”**

If the following occurs: fatalities, critical injuries, lost time, occupational illness, property damage, fire or environmental release, employees will refer to the Manager on duty for an accident/incident investigation procedure. An investigation is required, and the completed *Investigation Reporting Form* is then distributed to the appropriate parties including affected employees, budget head/chair, manager/supervisor, workplace health and/or the applicable union/employee group. OTC will ensure that the appropriate personnel (the employee, manager/supervisor, workplace health, rehabilitation services, occupational health and safety, the applicable union/employee group, etc.) within the organization are notified, and follow up will be made by the direct supervisor with injured employee for no lost-time injuries to ensure onset of pain has not manifested itself.

**C.4 Waste Management Locations and Procedures**

The following waste management locations and procedures has been provided by OTC:

The facility design and operations incorporate measures to mitigate environmental impacts and they have experience with local environmental impact reports as well as CEQA compliance through the various cannabis and non-cannabis development projects. Waste management is a key component of environmental impact mitigation, neighborhood disturbance prevention and regulatory compliance. OTC agrees to comply with the rules of the City of National City and the State of California regarding the disposal of cannabis and cannabis products. OTC adheres to the following policies:

**General Disposal Parameters**

- OTC will dispose of or destroy any unused, unsold, contaminated, or expired cannabis.
- OTC will give primary importance to public safety, compliance as well as environmental impact.
- OTC policy will assure that, in the process of disposal, cannabis will not become available to unauthorized persons.
- OTC will use a licensed disposal company or compliant procedures to dispose of cannabis.
- All disposed products will be documented and subtracted from the Treez POS system. Treez training is a requirement of all OTC employees prior to participating in operational tasks as it is necessary to comprehend active and disposed of inventory weight(s) and amount(s), product reconciliation processes, and all other secure waste disposal aspects. A certified Treez representative or a qualified member of the Company’s internal compliance team will deliver all POS education, and certificates of training completion will be kept in individual employee files for National City’s access.

**Specific Policies**

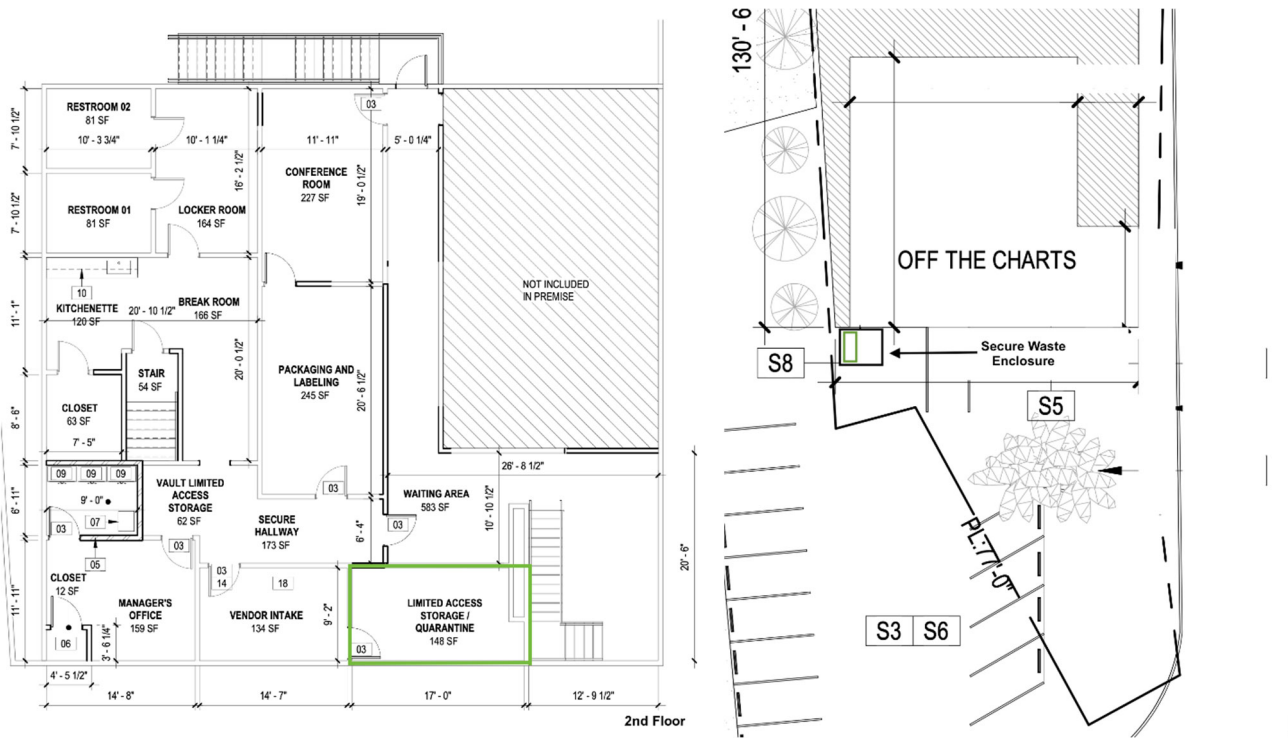
- Waste will be disposed of utilizing standardized processes to minimize development of odor and reduce the potential for the waste contents becoming an attractant, harborage, or breeding location for pests.
- OTC’s dispensing facilities will include designated receptacles and areas for regular trash and green waste that will be easily identified and readily available.
- Employees will wear Personal Protective Equipment (work suits, gloves, facemasks, safety goggles) while securely disposing/destroying cannabis and/or cannabis manufactured products.
- All green waste receptacles will be clearly identified.
- All relevant employees will receive thorough training in the standard operating procedures for secure and safe disposal of cannabis and cannabis product waste.

**End Destination**

- Once cannabis and/or manufactured cannabis products have been adulterated to a non-retrievable form, it will be securely and safely disposed of in either of the following modalities:
- At a solid waste site and disposal store that provides a Certificate of Designation from the municipal governing body or deposited at a licensed compost store

**Secure Process**

- Security is of utmost concern in the disposal process.
- OTC’s green waste disposal processes and procedures will be visually audited implementing both an on-site managing inspector and recorded surveillance video footage.
- All employees will be educated and trained to understand that trash receptacles are common staging areas for cannabis and manufactured cannabis products diversion.
- OTC will use transparent waste bags at all times to discourage product diversion.
- OTC will create and maintain a written log to record all destruction and disposal activities. The log shall include, at a minimum, the date of destruction, type and quantity of the product disposed of, the manner of disposal and the persons present during the disposal, with their signatures.





**Waste Management Locations**

All waste management activity is conducted on the second floor in the Distribution Storage Room. Waste is rendered unusable and unrecognizable, placed into receptacles until the waste is ready for disposal and transported to the designated waste disposal area for pick up. Below is a diagram that depicts the locations in the facility in which waste managed:

**Non-Cannabis Waste**

OTC agrees to always practice the Three R’s of Sustainability: Reduce, Reuse, Recycle. Separate recycling containers are placed throughout the facility for both employees and patrons and ensure that regular pickups are conducted with ease. Electronic waste will also be collected and brought to appropriate outlets. OTC agrees to emphasize sustainability internally. However, part of being compatible with the neighborhood involves encouraging the residents of National City to be stewards of the environment as well. In an effort to promote recycling community-wide, OTC will offer a discount program to those patrons who bring their packaging from previous visits back for reuse as long as such a program is permitted by local law. Such a program encourages the patrons to play an active role in reducing waste across the board in the cannabis industry as well as minimizing the packaging waste that OTC must account for. OTC’s recordkeeping system incorporates the goal of eliminating paper records in the scope of compliance whenever possible to reduce the overall waste production. Please refer to **F.4 Waste Management Plan in Section F: Neighborhood Compatibility Plan** for further detail regarding the Waste Management SOPs, waste disposal locations, methods of rendering all waste unusable and unrecognizable and the vendor in charge of disposal.

**Exhaust Ventilation & HVAC:** Exhaust ventilation required specifically for storage and/or handling of hazardous materials is not applicable. Except for typical cleaning/janitorial supplies, there are no proposed hazardous materials within the facility. HVAC, if any is proposed is typical of retail stores, since this is not an extraction or growing facility, where smell nuisance is more prevalent. However, OTC agrees to install multiple levels of odor control and ventilation systems to manage the air quality, venting out old air and bringing and scrubbing the air for purity.

**Conclusion**

This summary requirement is an initial phase analysis only. Final plans and reports will be submitted to the city Building and Fire Departments when the application for business license has been approved and building permit applications/plans are submitted.

By way of my signature, OTC agrees to meet the storage conditions required and specified in this letter.

Norman Yousif (Cell 619-792-6219)

Date

Prepared By:

Elley Klausbruckner, FPE, PE License # 1403



*Appendix A: Sample Emergency Evacuation Special Needs Notification*

---

**Date:**

**To:** All Employees

**From:**

**Subject: Identifying Employees Needing Assistance During an Emergency**

Currently, our Department is in the process of reviewing and updating our Emergency Plan. An essential component in a comprehensive plan is identifying all employees who may need assistance during an emergency. The need for assistance may be permanent or temporary such as when you are recovering from surgery or a broken leg. When completing this form, evaluate your situation thoroughly and honestly. You might not think you need assistance, but a heart condition, asthma or pregnancy can reduce your stamina to the point where you need assistance during an emergency. In addition, a hearing loss might limit your ability to respond to an audio alarm or evacuation information.

Describe in detail the type of assistance you think you will need. **It is not necessary to give medical details.**

If you want colleagues to assist you, you can either select your own or choose from a list of volunteers the department has on file. If you choose your own, list their names and phone numbers. You should select a primary aide and a back-up as well. Make sure you select “emergency aides” who can handle their assigned tasks.

Please complete the attached form and return it to the Evacuation Coordinator -----, in Room -----. The Coordinator will contact you to discuss your request.

This information will be kept confidential according to the Federal Privacy Act (P.L. 93-579) and the Information Practices Act of 1977 (Civil Code Sections 1798, et seq.). This information will be used only to provide assistance during an emergency.

It is our goal to safely and efficiently protect every employee, client, customer, and visitor during an emergency and to preserve everyone’s personal dignity in the process.

**It is our responsibility to provide a safe place for you to work. However, we cannot be held liable for your safety if you do not identify your need for assistance.**

Thank you,

Signature

Attachment

**Model Form  
Emergency Evacuation Information**

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Office:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Room Number:** \_\_\_\_\_

**Phone Number Office:** \_\_\_\_\_ **Cell:** \_\_\_\_\_

**Do you need assistance during an emergency?**

- NO**
- Yes-** The only evacuation assistance I request is sighted-guide assistance out of the building with whoever is closest and available.
- Yes-**The Type of assistance I will need is:  
(Please do not provide medical information)

**Do you wish to choose your aides from a list of volunteers:** Yes No

**If no, list the names and phone numbers of two coworkers you wish to assist you.**

**Do you wish to be evacuated during drills and minor emergencies?** Yes No

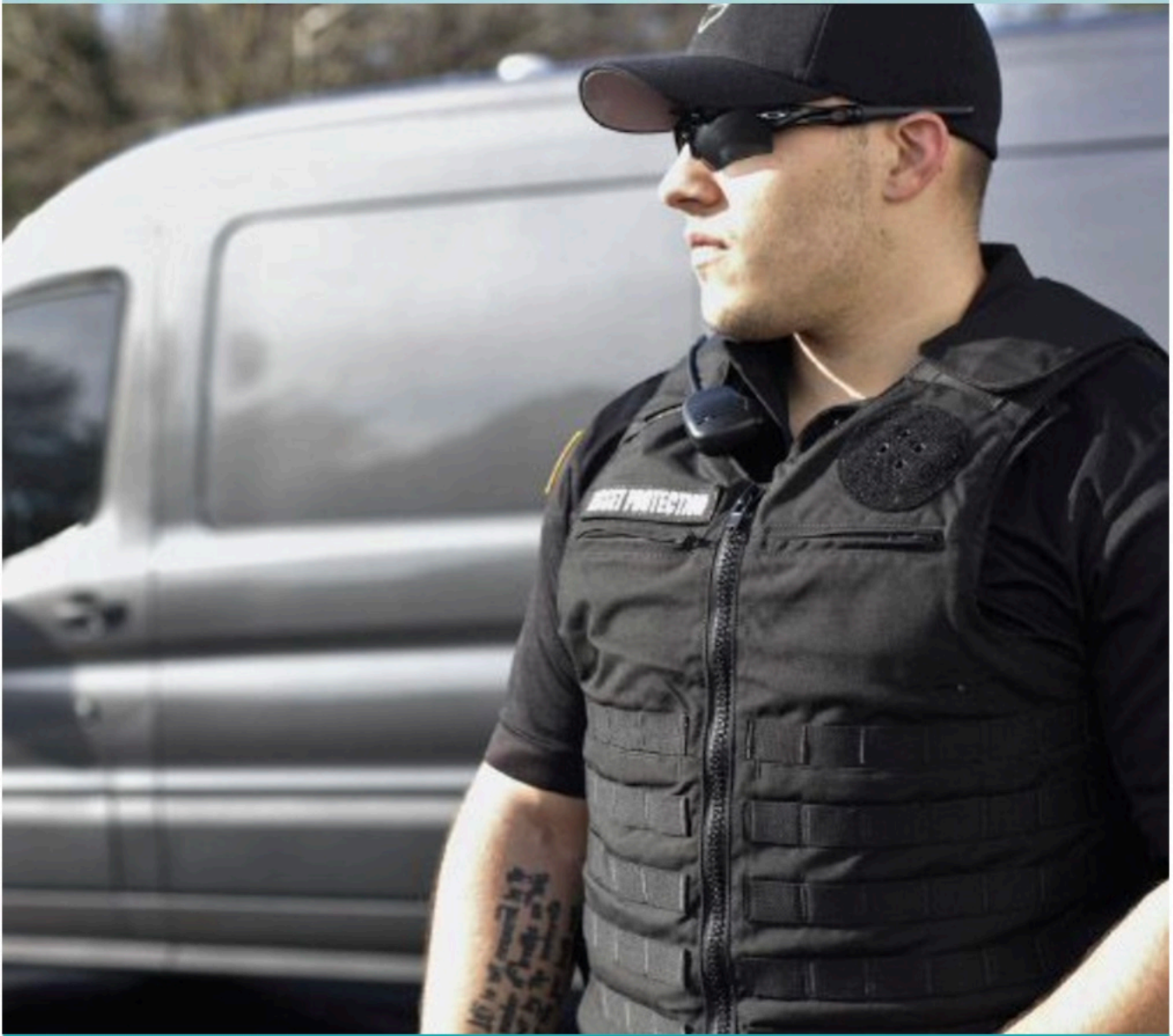
If you do not wish to be evacuated, go to the area of refuge during drills and minor emergencies.

The purpose of this form is to identify employees who need evacuation assistance during an emergency. The need may be permanent or temporary such as when an employee is recovering from surgery or a broken leg. Some employees might not think they have a disability, but a heart condition, asthma or pregnancy can reduce stamina to the point of needing assistance when quickly moving downstairs, or a person’s hearing loss might limit the ability to respond to an evacuation alarm or verbal announcement.

The information will be given to the Evacuation Coordinator who will contact you to discuss your request and will notify your emergency floor warden. All information will be kept confidential pursuant to the Federal Privacy Act (P.I. 93-579) and the Information Practices Act of 1977 (Civil Code Sections 1798, et seq.).

If you have any questions, please contact your Evacuation Coordinator at \_\_\_\_\_

# OFF THE CHARTS



OTC NC LLC

## SECURITY PLAN




**D.1 PROFESSIONAL SECURITY CONSULTANT**

Samuel Yador  
 Security Consultant  
 ArmorTech Security  
 California License # PPO 199899  
 Phone # 646-842-8387 (Mobile)  
 Email: Syador@armortechinc.com



April 1, 2022

To City of National City:

**Security Consultant Experience**

To Whom It May Concern:

As the designated security consultant/representative/liaison to the City of National City on behalf of Off The Charts (OTC), I've been tasked in the preparation of the attached security plan for your review and consideration. Per your request, this security plan has been condensed to meet phase 1 requirements for consideration. A detailed plan will be submitted as required for Phase 2 processing and evaluation.

The complete Security Plan will not only be used as part of the qualifying documents for license application submission but will serve as the overall policy guideline that directs the development and implementation of an ongoing security operations plan for OTC. During any part of the screening and selection phases, I will be available to meet with the City Manager, the National City Police Department, the San Diego County Sheriff, or their designees, regarding any questions arising from our security measures and/or concepts.

During my service within the armed forces, my experiences provided me with an extensive background in military logistics, law enforcement, special operations support and multi-branch operations.

In addition, I've developed numerous cannabis business security plans across all licensing types, which have since been submitted with cannabis business license applications. Having analyzed many cannabis businesses throughout multiple states, I've been fortunate to witness the success and failures of many firsthand; proving myself with a solid framework to merge best security practices with operational business applications. Nevertheless, this security plan will serve as a living document; constantly evolving with the needs of the cannabis industry and the general public. This is especially true with the on-going COVID-19 Pandemic.

I look forward to working with the City of National City and San Diego County Sheriff on a long-term basis. Thank you once again for your time and consideration.

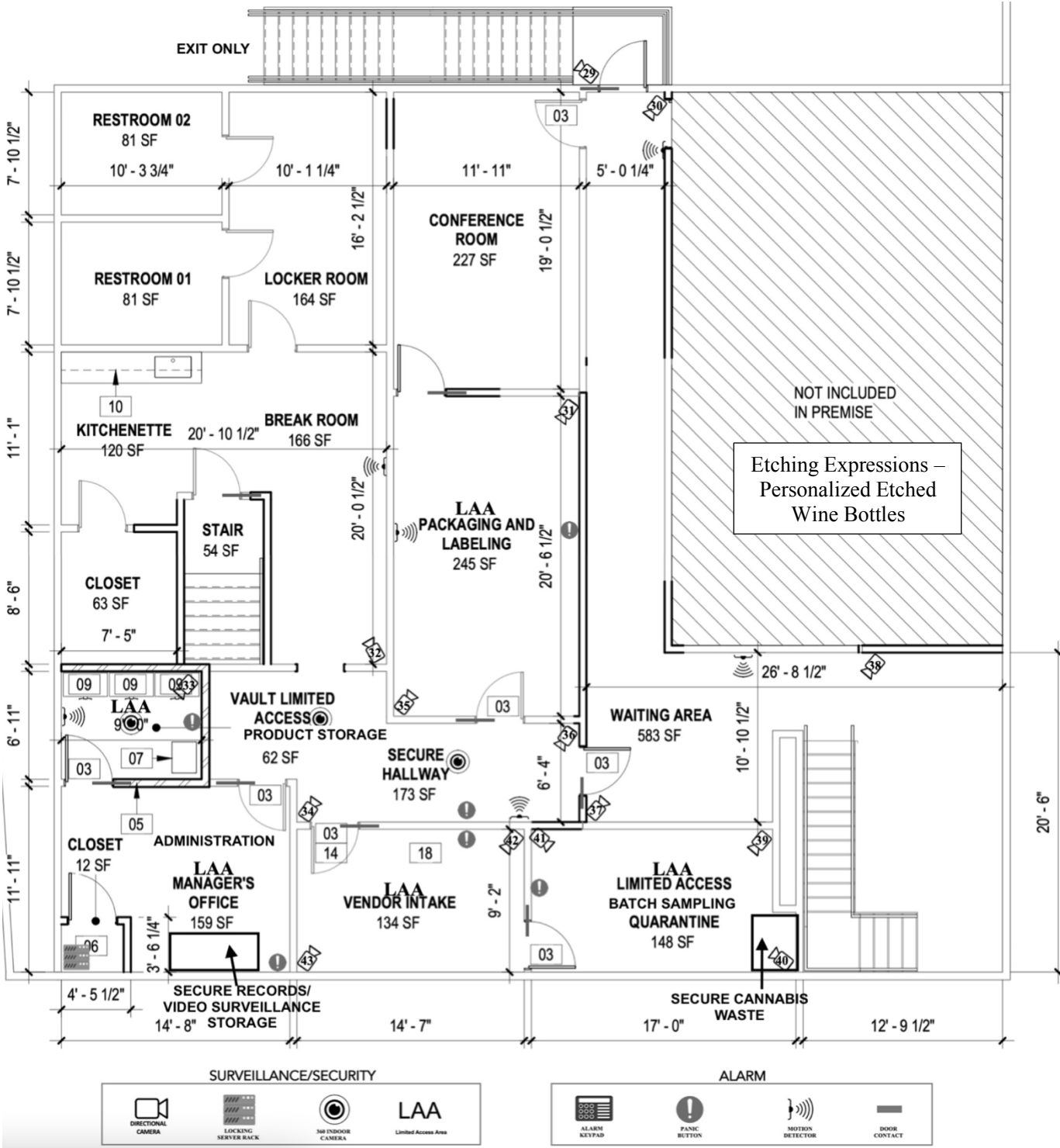
Sincerely,



Samuel Yador  
 ArmorTech Security

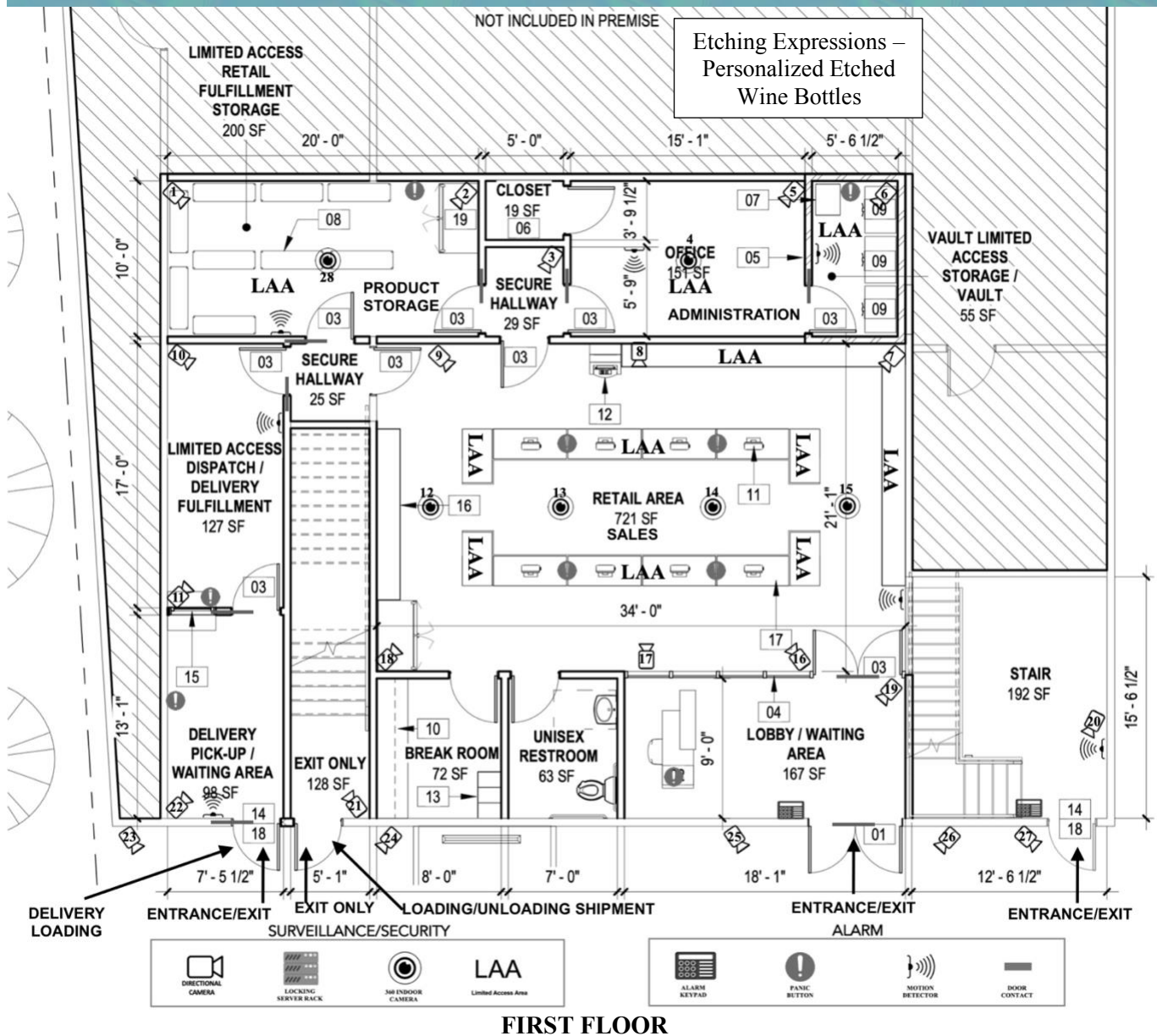


**D.2 PREMISES (SECURITY) DIAGRAM**



**SECOND FLOOR**

# OFF THE CHARTS



Our Security Plan’s main goal is to instill safety and security for all customers, patients, employees and visitors at our retail storefront and who purchase cannabis goods from our delivery service. We combine detailed standard operating procedures (SOPs) with heightened security measures to deter and prevent theft, diversion and unauthorized entrance into areas containing cannabis goods to create a highly functioning facility that is safeguarded from all security threats. The Security Plan adheres to all requirements and guidelines of the National City Municipal Code (NCMC) § 9.60.230(M), which are designed to safeguard property and public welfare by regulating and controlling for burglary prevention purposes. We have taken extensive measures to professionally vet the policies, procedures, and systems in place to provide comprehensive protection of our facility, our staff, our customers, and the community. We continually work with all communities where we operate to enlist their input and guidance during the initial implementation of our Security Plan and throughout the evolution of the business.

Every location has unique security concerns and protection requirements based on its operations, unique threats, exposure, locations and design. The following outlines the security protection systems at OTC facilities. Included in this application is security assessment from ArmorTech, a State of California Bureau of Security licenses operator



and a leader in cannabis security throughout California. A site layout and floor plan identifying the protection systems is included in the Security proposal below.

In order to protect the premises, customers, subcontractors and employees, OTC operates in accordance with the following procedures:

- 1) Permits only employees, customers, authorized subcontractors, authorized City of National City personnel, emergency responders and law enforcement access to the store.
- 2) Permits customers, subcontractors, and authorized visitor's access to the store only in accordance with applicable laws and regulations, as well as the access to store procedures described herein.
- 3) Directs employees to pay close attention to the access points to the store. Any door that is intended to serve as a barrier between the public and private areas of the store must remain closed and locked at all times, except for the moment when an authorized individual is actually walking through it.
- 4) The design, development and implementation of various security systems including:
  - a. Alarm Systems: Perimeter, Fire and Panic Buttons
  - b. Perimeter Lighting and Security Systems
  - c. 24-Hour Video Surveillance
  - d. Intrusion Detection
- 5) Onsite security personnel that enforce perimeter and interior security
- 6) Employees only have access to the portions of the store that relate to their function at work. Individual employees have authorized zones within their work environment and not all have the same access.
- 7) All employees receive training in accordance with the Personnel Policies and Procedures of OTC, with such training to be conducted by experts in the respective areas.
- 8) All employees and management receive loss prevention and safety training and must attend and pass an online, armed robbery awareness course conducted by a OTC's preferred security contractor, ArmorTech Security. All security training certifications received are stored in each employee's personnel file kept in the manager's office.
- 9) Bay Alarm has developed and is installing a comprehensive framework for surveillance and access control
- 10) Bay Alarm Company carry out remote monitoring and alarm response in the event of a security breach
- 11) Each employee must wear a Company-issued identification badge at all times while at a store.
- 12) At least two employees are to be on-site at all times during regular business hours to ensure that the store has at least two persons present from opening to closing.

## D.2.B DESCRIPTION OF CANNABIS ACTIVITIES IN EACH AREA OF THE PREMISES

Our distribution outlet, retail storefront and delivery service are designed to exceed local and state security requirements and to compartmentalize all aspects of commercial cannabis operations into their designated areas for increased efficiency. Below is a summary of all commercial cannabis activities that take place in each area of the premises, all of which are considered Limited Access Areas:

### *FIRST FLOOR*

**Lobby 167 ft<sup>2</sup>):** client check-in; identification (ID)/recommendation verification; visitor check-in; If the Retail Area is at maximum capacity, customers and patients wait in the Waiting Area, which is stocked with educational materials about our company, our store, our values, product line, cannabis consumption and cannabis pharmacology

**Retail Area (721 ft<sup>2</sup>):** Temporary cannabis storage; customer education; viewing of sample products accompanied by a Cannabis Specialist, Team Lead, or Manager; cannabis sales using a Treez POS-linked mobile device during high traffic times, double verification of ID/recommendation; customer sales; transaction processing; exit guidance/observation; cannabis display; surveillance that identifies all persons and activities in the Retail Area; surveillance of all point-of-sale areas; video surveillance with facial recognition of any customers/patients; odor control.

**Retail Fulfillment Storage (200 ft<sup>2</sup>):** Inventory control; monitoring and reporting; Metrc operation; quality assurance; bulk cannabis storage; checking cannabis goods in and out of storage; transfers to Retail Floor; cash counting; cash storage; cash pick-ups/drop offs; cannabis waste storage; waste rendering; odor control; video



surveillance that clearly records all activity and can identify any person and activities throughout Inventory and Storage, diversion prevention, diversion investigation.

**Dispatch/Delivery Fulfillment (200 ft<sup>2</sup>):** Pre-registration of customers; address verification; Preparing delivery orders; loading for deliveries; creating routes; driver dispatch and communication; customer service via phone.

**Deliver Pick-Up/Waiting Area (200 ft<sup>2</sup>):** Staging deliveries of cannabis goods; unloading of incoming shipments; Verifying Shipping Manifests; verifying Certificates of Analysis.

**Employee Break Area (146 ft<sup>2</sup>):** Employee meals and rest periods, for Retail employees; team meetings; employee training; employee handbook storage; SDS storage.

**Unisex Restroom (63 ft<sup>2</sup>):** Remains locked and under control of management at all times.

### *SECOND FLOOR*

**Packaging & Labeling (245 ft<sup>2</sup>):** Batch management and segregation; weighing; handling cannabis; processing cannabis; batch sampling; Certificate of Analysis review; packaging, labeling; quality assurance and control; inventory management, control and reporting; Raw materials grading; equipment maintenance and sanitation.

**Vault Storage (62 ft<sup>2</sup>):** storage of currency; cash counting,; handling, deposit preparation.

**Vendor Intake (134 ft<sup>2</sup>):** Receiving deliveries of cannabis goods; unloading of incoming shipments; Verifying Shipping Manifests; verifying Certificates of Analysis; odor control; Treez/Metric Operation; Team meetings.

**Break Room(166 ft<sup>2</sup>):** Employee meals and rest periods, employee handbook storage, SDS storage.

**Manager's Office (159 ft<sup>2</sup>):** Records storage; video surveillance analysis; Digital Video Recorder (DVR) Storage; Main alarm panel storage; Physical and Electronic Records Storage; storage of City contacts educational materials development and storage; employee interview; hiring and onboarding; employee badge storage; marketing/advertising development; strategy meetings on community benefits.

**Unisex Restroom (2 x 81 ft<sup>2</sup>):** Remains locked and under control of management at all times.

**Locker Room (164 ft<sup>2</sup>):** Storage of employee valuables and outside clothing.

**Conference Room (227 ft<sup>2</sup>):** Team meetings; Management meetings; Employee training.

**Facility Exterior:** Customer and employee parking; visitor parking; parking flow management, roaming Security patrols; enforcement of anti-loitering policy; enforcement of cannabis consumption prohibition; enforcement of tobacco and alcohol consumption prohibition; odor emission daily inspections; daily lighting inspections, daily landscaping inspections, daily inspections for diversion potential, video surveillance; KnoxBox storage.

### **D.3 OPERATIONAL SECURITY**

Operational security focuses on policies, processes, training, written and unwritten procedures, and personnel. We are implementing sufficient security measures that deter and prevent the unauthorized entrance into areas containing cannabis goods and to deter and prevent the theft of cannabis goods are our facility. This includes:

**NCMC § 9.60.230(M)(1):** Outfitting the facility with an alarm system that accounts for perimeter security breaches and fire.

**NCMC § 9.60.230(M)(2):** Remote monitoring of alarm systems by licensed security professionals.

**NCMC § 9.60.230(M)(3):** Perimeter lighting systems for after-hours security, including motion-sensor lighting.

**NCMC § 9.60.230(M)(4):** Approval of our lighting system and perimeter security procedures by the National City Police Chief and the Community Development Director.



**NCMC § 9.60.230(M)(5):** Preventing individuals from remaining on premises of the commercial cannabis business if they are not engaging in an activity directly related to the permitted operations of the commercial cannabis business.

**NCMC § 9.60.230(M)(6):** Establishing limited access areas accessible only to authorized cannabis business personnel.

**NCMC § 9.60.230(M)(7):** Storage of cannabis goods in a secured, locked vault that exceeds the minimum requirements of Underwriter Laboratories burglary resistant and fire-resistant standards.

**NCMC § 9.60.230(M)(8):** Installation of 24-hour security surveillance system that monitors all activity on the interior and exterior of the facility.

**NCMC § 9.60.230(M)(9-10):** Installation of sensors, panic buttons and other measures to detect entry/exit from all secure areas and monitoring and transmission of these sensors to Bay Alarm Company and local law enforcement.

**NCMC § 9.60.230(M)(11):** Ensuring that any security bars are only installed on the exterior or outfitting windows with 3M shatterproof film.

**NCMC § 9.60.230(M)(12):** Security personnel that are trained to monitor clientele, patrol the facility, prevent situations that may lead to theft, diversion or loss and mitigate any risks to overall security.

**NCMC § 9.60.230(M)(13):** Ensuring the facility's capability to remain secure during a power outage and that all access doors are not solely controlled by an electronic access panel.

**NCMC § 9.60.230(M)(14):** Locking all entrances and maintaining them under control of a designated responsible party that is either employee or security personnel.

**NCMC § 9.60.230(M)(15):** Maintaining compliance with Metrc, the state's track and trace system, immediately upon commencing operations.

**NCMC § 9.60.230(M)(16):** Coordinating with Bay Alarm Company and Armortech Security to professionally install and maintain video surveillance system, access control and intrusion alarm systems designed to protect the inventory, facility and employees and ensuring that all network security protocols are certified by Underwriter Laboratories.

**NCMC § 9.60.230(M)(17):** Planting, altering and maintaining exterior vegetation in a fashion that precludes its use as a hiding place for persons on the premises.

**NCMC § 9.60.230(M)(18):** Maintaining compliance with local and state fire safety standards for emergency access and evacuation.

**NCMC § 9.60.230(M)(19):** Designating Samuel Yador of ArmorTech Security as our Security Manager to the City of City, making him available to the City Manager regarding any security related measures or operational issues and maintaining a copy of the current Security Plan on the premises to be presented to the City Manager upon request.

**NCMC § 9.60.230(M)(20):** Developing, implementing, auditing and evaluating a storage and transportation plan that details safety and security measures for storing and transporting all cannabis goods.

**NCMC § 9.60.230(M)(21):** Cooperating with the City Manager regarding requests to inspect or audit the effectiveness of any security plan or other requirement promulgated by NCMC.

**NCMC § 9.60.230(M)(22):** Notifying the City Manager within 24 hours of discovering any of the following:

- Significant discrepancies identified during inventory;
- Diversion, theft, loss or any criminal activity involving the business or any agent or employee;
- The loss or unauthorized alteration of records related to OTC or any employees, customers or agents; or
- Any other breach of security.

**NCMC § 9.60.230(M)(23):** Ensuring compliance with all security requirements before commencing operations.

## OFF THE CHARTS

**NCMC § 9.60.230(M)(24):** Maintaining compliance with all retail transaction rules and serving customers within the licensed premises or at a delivery address that meets NCMC requirements, including:

- Never selling cannabis goods through a pass through window or slide out tray on the premises exterior;
- Never operating a drive through window at which cannabis goods are sold to persons in a motor vehicle;
- Never selling or delivering cannabis goods to anyone within or about a motor vehicle;
- Ensuring that all cannabis goods are sold in child-resistant packaging;
- Recording all point of sale areas and ensuring camera placement allows for facial recognition of any person purchasing or selling cannabis goods with sufficient clarity to determine identity; and
- Hiring security personnel that are at least 21 years of age and licensed by the Bureau of Security and Investigative Services.

Most security failures occur with respect to operational security and thus we put in place specific procedures and strict accountability measures in order to diminish the likelihood of a failure in this area.

OTC's management understands the importance of creating a security culture to assist in the overall success of the security program and emphasizes the importance of security to all employees. Managers follow all security policies and procedures in order to set the example and promote this compliant culture. A manager is on duty during all business hours and the designated Security Manager is available at any time to confirm that the designated Manager is onsite during business hours to monitor employees and customers. The Security Manager is also responsible for confirming that first aid supplies are operational, that fire extinguishers are located in service areas and in the main office, that all alarms systems are operational and being monitored, and overseeing Security Personnel. Every OTC employee is considered part of the security program and each of their designated roles have specific responsibilities with respect to security. Through a security awareness program, fluid communication and demonstrated experience by our leadership, employees are taught to understand the relationship between security and the organization's success, learn their obligations under the security program, understand how various security measures support security program objectives, and become familiar with available resources to help with security concerns.

Our approach to operational security also includes an analysis of Threats, Risks and Appropriate Responses. The following scenarios have been considered during the preparation of the Security Plan and how we can mitigate these occurrences through robust operational security: (1) Armed assault during business hours; (2) Insider theft during business hours; (3) After business hours insider threat; (4) After business hours threat to security officer or other personnel; and (5) After hours burglary attempt.

We also incorporate guidelines, cross-dimensional compliance thresholds and best management practices from Crime Prevention Through Environmental Design (CPTED), DEA Diversion Control Division: Controlled Substances Security Manual, FDA Drug Supply Chain Security Act (DSCSA), IESNA Guidelines for Security Lighting, National Industrial Security Program Operating Manual (NISPOM), OSHA General Duty Clause (29 U.S.C. §654(5)(a)(1)), Unified Facilities Criteria (UFC 4-021-02) Electronic Security Systems and Underwriters Laboratories (UL-608) Standard for Burglary Resistant Vault Doors, and various other regulatory bodies and leading oversight agencies.

### **D.3 OPERATIONAL SECURITY: GENERAL SECURITY FOR ACCESS/VISITOR CONTROL**

Our access control protocols ensure only qualified persons gain access to where products are displayed. We prevent individuals from remaining on the premises when not engaging in authorized activity relating to commercial cannabis operations. OTC has an access-controlled door between the facility's entrance and limited access areas containing cannabis goods.

#### ***Access Control: Retail***

The business' main entrance for customers, vendors, visitors and inspectors is accessible off of Civic Center Drive, There are two exterior cameras with license plate reading capabilities capturing over 20 ft. from entrance/ exit points on both the Civic Center Drive and Cleveland Avenue sides of the facility. The lobby and reception desk are also under video surveillance as well as the secured exit. Anyone requesting access into any OTC's Retail Area must enter the lobby and check-in at the reception desk; no one from the general public is allowed onto the second floor's Distribution Department without pre-qualified access for an accepted reason. A one-inch-thick bullet-resistant

## OFF THE CHARTS

Plexiglas sheet with built-in verbal communication port and countertop deal tray is fixed between the lobby and check-in/reception booth for ID check and verification. A security camera with facial recognition capabilities is installed to capture close-up video recording of all individuals as they approach the reception window, document each individual that enters the facility and capture footage that may be later required for evidence.

The business' Retail Department is designed with a separate check-in area where identification is verified to ensure that only qualified persons gain access to where cannabis products are displayed. We look to maximize direct customer service while providing complete protection against theft and diversion. The Retail Department's design conforms to standards of the Mercantile (M) Occupancy Category of the National Fire Protection Association (NFPA) 101/5000. We manage customer flow in accordance with these guidelines for maximum occupancy to ensure there are no unauthorized individuals present in areas where cannabis goods are displayed. Our Retail Area amasses 721 ft<sup>2</sup>, which translates to a maximum occupancy of 20 in the Retail Area at any given time.

Individuals enter through the main entrance and into the Waiting Room where they are required to present valid identification to a Cannabis Specialist who is designated as a Verification Specialist stationed in the clerical space behind the counter. The Verification Specialist then analyze the documents and determine whether access should be granted to the prospective customer or patient. Individuals who do not possess the proper documentation are asked to leave the store immediately. A minimum of one Security Guard is stationed in the Lobby to de-escalate any situation in which a patron becomes agitated after being denied entry due to false or invalid identification. Customers and patients are asked to wait in the Waiting Area if the retail floor is at maximum occupancy. We anticipate that customers and patients should not need to wait beyond 10 minutes per visit under normal operational conditions.

Prospective customers are granted access to enter the Retail Area when current occupancy allows for entry. Data from our other retail storefront operations in Palm Springs and Vista shows that first-time purchasers spend approximately 10 minutes in the retail space including potential education/consultation time; returning purchasers spend an average of 5.2 minutes inside the facility. We continue to monitor these trends for our customers in National City to determine if there is any way we can speed up the time required for the average transaction and reduce the likelihood of theft and diversion while customers are present.

Cannabis goods for inspection and sale are only displayed in our Retail Area. Cannabis goods are only removed from packaging for display purposes; display samples are placed in different containers to allow customers to see the products without handling them directly. Cannabis goods that are removed from their original packaging for display purposes are never sold and are destroyed in accordance with local and state regulations when no longer used for display. A Cannabis Specialist always facilitates direct access to products and samples. Cannabis Specialists supervise all sample product viewing. Upon purchase, a Specialist places the customer's order in compliant exit packaging, verifies the customer's ID a second time and offers the customer their order upon payment. Customers are monitored as they exit through a two-door exit port once their order is processed and are not permitted past the Retail Floor or in any other area of the facility where cannabis goods are displayed.

### ***Access Control: Distribution***

While the Distribution Department is not public-facing, it is still a high priority for security with respect to access control. The Distribution Department conforms to standards of the F-1 Industrial Category, meaning low-hazard factory settings. There are only 30 people in the Distribution Department at any given time in compliance with this NFPA 101/5000 designation. The Distribution stores, process and handle bulk quantities of cannabis raw materials and finished product and make this part of the facility a prominent focal point for security. The entire Distribution Department is considered Limited Access as there should never be anyone from the general public in these areas. Thus, it is imperative that our access control protocols prevent anyone without a bona fide reason for entering the Distribution Department other than qualified employees from accessing this area.

### ***Employee Credentials***

All employees and visitors enter through the secured entrance. All visitors are logged and escorted. Staff is issued serialized photo ID badges that are kept on-site and issued by the Manager on duty. Such ID's are required to be worn at all times for access to premises, including restricted areas for all employees. Badges include company name and



## OFF THE CHARTS

license number, the employee's first name, an employee number exclusively assigned to the respective employee, the department that the employee has been assigned (Retail or Operations) and a color photograph of the employee that clearly shows the full front of the employee's face and is at least 1 inch in width and 1.5 inches in height. Missing or stolen ID badges are reported in security log. Any missing or stolen ID badges are immediately deactivated and only at the discretion of management is a replacement security ID badge issued.

Upon employment, the Manager issues new employee IDs and ID numbers. If the employee number needs to change for purposes of limited access, the manager is in charge of issuing a new employee ID number with limited access capabilities. Furthermore, if an employee is terminated or leaves OTC, their employee ID number will be frozen, and the employee is stripped of their access status. If said terminated employee is reinstated as an employee they are given the same ID number as long as the manager determines they are qualified to gain access to limited access areas.

OTC-issued employee identification badges are kept onsite at all times to prevent tampering or loss that could result in unqualified individuals gaining access to areas where products are stored. ID badges must be worn at all times for premises access, including limited access areas to distinguish employees, who are qualified to gain access to areas where cannabis products are stored, from individuals who are unqualified to be present in these areas.

### ***Visitor Protocols***

The Department of Cannabis Control, the National City Manager and their designee, Sheriff/Police Deputies, Fire Department personnel, or other agents or employees of the City requesting admission for the purpose of determining compliance with city and or state ordinances shall be given unrestricted access. Third Party Vendors are only allowed on-site if their duties require access. No visitors under 21 are permitted on the premises at any time. Visitors must provide valid identification, sign into a secure logbook, and wear temporary ID badges at all times.

We only permit employees and authorized individuals to enter limited-access areas (LAAs) of the facility. Such personnel include authorized outside vendors, contractors, city employees on official business or other individuals who have a bona fide business reason for entering the limited-access area. We do not grant access to limited-access areas in exchange for any form of compensation, favor, consideration or benefit.

No personnel without a bona-fide reason for entering LAA are granted access. An authorized individual who is not an employee of OTC and requests access to a LAA must be least 21 years of age and is escorted at all times by an OTC employee who has access credentials to the areas the individual requires access to. OTC is developing and maintain an electronic log of all non-employed and authorized individuals that requests access into a limited-access area. Such logs are available to OTC as well as City and California State officials upon request. The log record includes: 1) The name of the individual requesting access (ID Verification); The name of the company the individual works for; 3)The date and time of entry and exit of the LAA: and 4) The reason for entering the LAA

Upon arrival, OTC employees make a photocopy of the visitor's identification and company badge, if available, and places the copy into the Visitor Logbook along with the reason for their visit. Any non-clients, media, or community members who want to tour the facility must have prior permission from management and are issued a temporary badge if approved. Visitors and contractors must always be supervised by a member of the staff.

Authorized visitors and contractors are issued serialized contractor and visitor badges while inside the facility. Badges are protected with clear plastic ID holders and affixed to breakaway style lanyards. Visitor badges must always be worn for premises access, including limited access areas to distinguish employees, who are qualified to gain access to areas where cannabis products are stored, from visitors and other individuals who are unqualified to access these areas. We ensure that visitor badges are returned at the conclusion of each visit to prevent diversion.

### **D.3 OPERATIONAL SECURITY: INVENTORY CONTROL**

Our security measures protect both the premises and our products. We incorporate guidelines from the United States Drug Enforcement Agency, ASTM International's D37 Subcommittee on Cannabis and various other regulatory bodies and oversight agencies that provide best management practices for security with respect to inventory control, monitoring and reporting.

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**Limited Access:** All inventoried product is kept in limited access areas, which are separate from areas where products are displayed. Only Managers and designated staff have access to these areas. Inventory withdrawals and submissions are recorded in Treez POS software and in a physical logbook located in the limited access office. Access to cannabis goods is determined by facility management and controlled via biometric input devices outfitted on the Secure Storage Room door. Electronic and physical records of all successful and failed access attempts are maintained for a period of 7 years. Access record contain information including occurrence date, time, access location, employee name and facility manager on duty.

**Track-and-Trace:** We utilize DISTRU and Treez's POS software to assist with sales processing and inventory management throughout our internal supply chain. Treez, DISTRU and METRC integrate and provide live syncing with one another. Treez automatically updates when METRC receives incoming inventory, sets a package's unit of measure prior to acceptance, and creates manifests for returns, customer deliveries, and transfers. Inversely, Treez and DISTRU push automated updates to METRC for: sale and associated package IDs; product price; changes in quantity/inventory, and; closed packages. OTC's Inventory Manager maintains an active roster of all employees using the METRC system and notifies the DCC (Form BCC- LIC-027) within three days if a compliance notification is not fully resolved. All required data points are entered into the POS programs and automatically updated in the company's METRC account; all transactions are accounted for within 24 hours and any discrepancies are reported to the Department of Cannabis Control immediately (16 CCR §5049(c)). This rigorous recordkeeping platform gives us knowledge of every cannabis product's location in our facility and maximizes product security at every stage of the retail process.

**Secure Storage:** All pre-sale bulk cannabis goods are stored in compliance with Federal Specification AA-V-2737 and DEA 21 CFR 1301.72 and meets the following specifications from the DEA Controlled Substances Security Manual-Minimum Standards: Handlers of CI&II Controlled Substances:

- 1) Walls, floor, ceiling constructed of at least 8" of reinforced concrete or masonry reinforced vertically and horizontally with #4 (½") steel rods tied 6" on center, or UL listed modular vault panels;
- 2) Door and frame unit are UL listed burglary-resistant, GSA Class V rated or equivalent, i.e. multiple position Group 1-R combination lock, relocking device, special metal alloy that resists carbide drilling and affords overall security protection set forth above for safes and security containers;
- 3) Interior/exterior equipped with alarm system which upon attempted unauthorized entry transmits a signal directly to OTC, Bay Alarm Company and local law enforcement
- 4) Doors equipped with contact switches to ensure optimal electrical lacing of walls, floors and ceiling, sensitive ultrasonic or infrared sensors, sensitive sound accumulator system designed to detect unauthorized entry. The Secure Storage Room's exterior is composed of a material with a Class 125 2-Hour rating for up to 2000 degrees Fahrenheit and Class A Flame Spread Rating. The interior and associated floors, walls, and ceilings are composed of a material that is easily cleaned to ensure maximum quality assurance. The Storage Room is designed to incorporate scalability for surveillance technology and storage capacity to account for operational expansion.

We have separate storage areas onsite to ensure quality assurance and control of batches and products that are allocated to different portions of our internal supply chain. The Retail Fulfillment Storage Room is on the first floor and is where we store all packaged cannabis goods, labeled in their final form, integrated into our inventory control platform and ready for transfer to the Retail Area or included in a transaction when requested by a client. Distribution Storage is on the second floor and is where we store all bulk cannabis, transfers to the Retail Department, transfers to other OTC stores or transfers to Southern California retailer partners. The Vault is also on the second floor and is our primary storage area for cash, currency, important documents and non-cannabis items that are necessary for day-to-day operations. All storage rooms meet the federal specifications highlighted above and we execute stringent maintenance and quality control procedures to ensure security and preservation of cannabis goods' purity.

We keep the Storage Rooms and other cannabis storage areas securely locked and protected from unauthorized entry. The Storage Rooms have separate areas for product that is allocated for retail sale, product that is being held for distribution to other licensees. Maintaining these separate areas avoids the conflation of batches for different uses within OTC's facility and helps us avoid inventory management pitfalls. Electronic access controls maintain an electronic daily log of employee with access to the Storage Rooms and knowledge of access code or combination



along with entry and exit logs with associated time stamps. Access to the Storage Rooms and any currency storage vaults requires input into a biometric access system with specific authorization for internal operations. We create different access level tiers and assign employees of varying responsibility different access control levels for cannabis and currency access respectively.

**Product Deliveries:** OTC follows a strict procedure while receiving an order to ensure the safety and security of our staff, guests, and third party vendors:

- 1) All deliveries must be prearranged and all personnel disclosed in advance.
- 2) All distributor deliveries are placed to OTC's vendor appointment schedule, which prevents any unannounced or non-scheduled deliveries from occurring.
- 3) Each distributor generates a shipping manifest before goods are transferred from its facility to OTC, which lists all purchased goods. Upon delivery to OTC, the distributor's delivery employee gives the shipping manifest to the OTC Manager receiving the delivery.
- 4) Prior to arrival (10 minutes) on the day of delivery, all vendors text or call their designated OTC contact to ensure staff is prepared to receive the deliveries in a quick, secure and safe manner.
- 5) OTC provides designated parking for vendors. Parking is located as close to the vendor entrance as possible.
- 6) Upon arrival, OTC sends a member of security or staff to meet the vendor at their vehicle to provide a two-person process for security purposes.
- 7) To maintain a clear chain of custody, the vendor provides the shipping manifest. The manifest are verified by OTC personnel to ensure it includes:
  - a. OTC's name and license number
  - b. Distributors name and license number
  - c. Name of the transportation driver
  - d. List of all products included in the delivery
  - e. All unique identifiers (UIDs) linked to each product
  - f. Origination location and time of departure
  - g. OTC's address and expected time of arrival
  - h. Transportation vehicle information (make, model, license plate number); and
  - i. Any remaining information required by law.
- 8) The Manager inspects shipments prior to accepting the order. This allows for the return of any products (prior to being unloaded into the storage area) due to defects in the shipment, such as incorrect products in the shipment that do not match the shipping manifest, incorrect packaging/ labeling, no certificate of analysis for the batch, and expired products
- 9) Once the shipment is approved by visual inspection and matched to the list of products on the shipping manifest, the Manager accepts the shipment and transfer the products to the vault.
- 10) All storage areas are labeled, showing where each type of product is stored, such as flower, edibles, vape cartridges, topicals, tinctures, etc.
- 11) Once product enters the storage area, all product movement up to that point is entered in METRC, Distru and Treez including: shipping manifest, date/time the shipment arrived, employee who received and inspected product, and certificates of analysis for the batch.

We coordinate deliveries during non-operational or low-traffic hours to avoid incoming shipment complications.

**Additional Measures for Retail Inventory Control:** We maintain inventory control and product security as top priorities. All employees and contractors strictly adhere to OTC policies and procedures, or disciplinary/removal measures are taken in the event of an inventory-related violation. OTC implements the below policies and procedures to secure all product and ensure that none is lost or diverted to individuals who are not authorized to possess it.

- Employees are physically present on the Retail Floor at all times when there are patrons, visitors or other individuals who are not employees present with oversight from the Floor Manager

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- During business hours, a minimum quantity of products are maintained on the Retail Floor in locked cabinets and containers and only removed for short periods of time by sales personnel in order to show customers and to complete a sales transaction
- OTC staff only make one sample available to a given customer at a time. This helps staff monitor the products that have been removed for sampling purposes.
- OTC staff takes orders from patrons and fulfills orders in a secure area behind the retail counter. This prevents excess product from being stored where patrons are allowed
- Cannabis good shall never be visible from the exterior of the building
- All product is stored in accordance with State and City requirements during non-operational hours.
- All product display cases are intrusion resistant (e.g. polycarbonate or protected by intrusion resistant film), locked, accessible only by manager, and only opened outside of business hours.
- Employees who handle cannabis product and who are engaged in processing transactions must take responsibility for the product they are handling.
- Checks and Balances Security requires that no single employee be allowed unrestricted access to secure cannabis product storage areas or high value assets. Managers monitor and approve the access that employees have to areas where cannabis is stored.

### D.3 OPERATIONAL SECURITY: CASH HANDLING PROCEDURES

We are cognizant of all potential risks and hazards associated with cash transactions given the amount of cash involved in cannabis retail due to unresolved banking issues. We use DISTRU and Treez POS to provide point of sale data as well as audit trails for both product and cash. Our employees are prepared for a wide array of circumstances involving cash transactions, storage and transport. The following cash management protocols help with their preparation and overall financial security of the facility.

**Cash Transactions:** We utilize integrated Treez POS systems equipped with cash registers and receipt producing equipment for all transactions, point of sale data and audit trails. All sales are recorded through Treez which provides: A printed or electronic receipt to the customer, a safe place for holding a change fund and un-deposited receipts, a journal tape to record all transactions, a manager passcode which enables readings or totals to be taken. Cashiers don't have access to POS passcode, and Tamper-proof grand totals. Cashiers are not able to void and issue refunds without a supervisor's approval.

**Cash Storage:** Cash is stored separate from cannabis goods in an Underwriter Laboratories-listed, TL-15 rated vault. The 90-minute fire-rated vault is comprised of a 1-inch laminated, interlocked, double-welded door jamb, ball bearing hard plate, UL listed Group 2 lock, 1-inch-thick hardened chrome locking bolts with four 5/8-inch base anchor holes and five active and passive relocking devices. A ½ inch solid steel door provides access to the ¼ inch solid steel body. The access door is equipped with intrusion detection door contact. The vault is bolted to the ground with access limited to managers. The Secured Storage Room housing the vault is encased in ¼-inch thick steel plating; accessed using an RFID card reader. A cash drop safe is utilized during hours of operation to temporarily hold excess cash from registers and provide a secure means for the manager to audit transaction amounts. Cash removed from each register is individually bundled for tracking purposes and collected by a facility manager.

Our delivery vehicles are outfitted with Tuffy lockboxes for cash storage. All cash received during deliveries is placed in the Tuffy lockboxes, which are secured to the inside of the vehicles trunk and require a key for access. When returning to the facility after conducting deliveries, delivery drivers are escorted by security into the facility where they then place the money into a cash envelope and drop it in the cash drop safe for a managers review.

**Cash Counting and Reconciliation:** Cash counting takes place in limited access areas. Register totals are balanced at the end of day and prior to shift changes. All cash transactions and cash counting are conducted within full view of a security camera and under the supervision of the Cash Office Admin. These counts include: (1) Beginning of day starting cash; (2) End of day balancing of cash drawers; (3) Final counting, sorting, and stacking by a manager before the cash is deposited in the cash safe located in the safe/vault room; (4) Periodic counts at a manager's discretion.

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All counts of cash in drawers during the day are recorded in a safe log and signed by the OTC employee responsible for counting the cash in their cash drawers. Staff must each log their final totals and provide signatures in the safe log. Overages or shortages must be fully explained by cashiers. Overage and shortage limits and frequency of occurrences are documented with corrective action per OTC policy. All transaction corrections are approved by management and marked in the cash register journal. OTC performs periodic random, unannounced register audits.

The Compliance Officer and other members of leadership collaborate on the development, execution and auditing of all cash balancing procedures. Data from registers is stored and maintained via cloud storage. Total deposits and account balances are verified against totals on record. Outstanding deposits are recorded and analyzed for further disposition. Revenue budgets provide a basis for variance analysis on a monthly basis. OTC periodically compares the reconciliation of budget to actual activity. A Certified Internal Auditor (CIA) reviews cash reconciliements annually. Bank statements, checks issued, and checks received in addition to ledgers for accounts payable and accounts the third party verifies receivable. All sales are recorded through Treez, which provides: 1) A printed ticket or other visible record of the amount registered for the customer's review; 2) A safe place for holding a change fund and un-deposited receipts; 3) A journal tape to record all transactions; 4) A supervisor passcode, which enables readings or totals to be taken. Cashiers do not have access to any passcode and ; 5) Tamper-proof grand totals. Cashiers do not have ability to void and issue refunds without supervisor approval.

**Cash Transport:** OTC contracts with our banking partner that utilizes Axiom Armored Car Service to transport cash deposits from the store to our National City-based banking institution. A member of the management team orders cash pickups at periodic, alternating intervals.

Prior to cash pickups, an OTC employee completes the following tasks under the supervision of a Manager:

- Count and sign the safe log for outgoing deposits
- Utilize dual-pouch, tamper-resistant deposit bags
- Write the deposit information in the space provided on the outside of each depository bag
- Record the number of bags and each bag's unique number on a deposit ticket and retain a copy of the deposit ticket for Company's records
- Seal all depository bags
- During cash pickups the Compliance Officer:
  - Verifies the armored truck guard's identification badge
  - Records the package quantity being shipped
  - Ensure all guards wear a nametag and are escorted by an employee at all times they are within the store. All rules regarding visitors to the store are followed at all times.

All cash transactions and cash counting must be conducted within full view of a security camera. Managers conduct random unscheduled spot checks or audits of cash in the safe from time-to-time.

Transport services are scheduled randomly to avoid observable patterns. Such transfers are irregular, with times known only to Managers. Transport logs are retained for a minimum of 7 years and include the name of the parties involved in the transport, the date, time, and amount of cash released. All logs are maintained to provide a suitable audit trail for all transactions. All cash deposits are secured using Tamper-Evident Deposit bags such as "FraudStopper" by MMF Industries. Information on the deposit bag is filled out using permanent marker only.

**Financial Record Retention:** Data from registers is stored and maintained via cloud storage. Records, including bank statements, sales invoices, receipts, tax records, and all records required by HMC and CDTFA are stored within the limited-access secured office for a minimum of 7 years and in a manner to be protected from debris, moisture, contamination, hazardous waste, fire, and theft. Records are accessible outside of OTC's business hours and made immediately available upon request, in hard copy or electronic form, by the DCC and/or the City of National City.

**Counterfeit Prevention:** Staff and security guards are proficient in use of on-site anti-counterfeiting devices. All currency is subject to note verification prior to finalizing transactions. OTC employees are proficient in use of counterfeit marker pens, and UV-lighting systems for bills and identification. Designated Cannabis Specialists are

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responsible for exercising care in screening transactions for counterfeit currency. If a questionable bill is received, the Specialist retains possession of the bill and contacts the Team Lead immediately. Documentation of counterfeit currency includes the date and time of the transaction, the cashier name, the member name, member license number and state, and a detailed description of the counterfeit bill. A time-stamped photo of the counterfeit bill(s) and patron identification is taken; upon advanced approval and direction from local law enforcement, police may be called to the store. All responses to counterfeit currency are managed by the on-site Security Manager and Compliance Officer to ensure the efficiency of addressing staff members without drawing attention from attending members. Under no circumstances are the counterfeit bill(s) returned to the patron. Checks and Money Orders are not accepted.

### D.3 OPERATIONAL SECURITY: DIVERSION PREVENTION

OTC has developed Diversion and Theft Prevention Plan (DTPP) as a subsection of Security Plan that accounts for and prevents the theft or diversion of cannabis to both the illicit market and minors. The DTPP accounts for:

- Access Control
- Technologically advanced video surveillance installed and maintained by Bay Alarm Company
- Remote Monitoring from Bay Alarm Company
- Requiring double-verification protocols in various settings throughout operation
- Establishment of a Zero Tolerance Policy for diversion and theft
- Establishment of ethical and effective investigation protocol
- Management of visitors and third parties throughout the facility
- Cannabis Waste Disposal
- Ensuring knowledge of updates for continuous compliance with 410 ILCS 705/15-100 and other Sections.

We prevent diversion and theft by incorporating United States Drug Enforcement Administration (DEA) requirements and standards set forth in Title 21 Code of Federal Regulations Sections 1301.72-1301.76 into all standards for security SOPs to provide effective physical security controls and to guard against theft or diversion of cannabis or currency. We consider the following factors when developing SOPs for diversion and theft prevention:

- Types of activities conducted and locations throughout the facility where they may be conducted
- Types of cannabis and cannabis products held in inventory
- Location of premises and overall security needs
- Facility design/construction/general characteristics
- Type of safes/vaults/secure enclosures
- Access control
- Surveillance systems
- Monitoring systems
- Supervision of employees, contractors and visitors
- Local law enforcement

We immediately notify the City Manager and the DCC of any suspicions related to diversion, conduct an investigation, amend standard operating procedures, to prevent future discrepancies or incidents and submit a written report of the investigation to the City Manager and DCC.

**Zero Tolerance Policy:** Any employee who is a party to any theft or diversion of cannabis or cannabis products is immediately terminated from the OTC. Any employees who are aware of such diversion or theft activity and do not report it may be subject to the same penalty unless mitigating circumstances are demonstrated during an investigation. All personnel sign documents agreeing to this clause before being permitted to enter the facility for the first time and these documents are stored in each respective employee file.

**Investigating Theft and Diversion:** We acknowledge investigations must be conducted and corrective action must be implemented in a timely manner under the ADA, the Age Discrimination in Employment Act and the Sarbanes Oxley Act. OTC has developed investigative protocols to handle diversion events based on recommendations from the Society for Human Resource Management, the world's largest human resources professional society. These protocols may be used to investigate suspected diversion as well as other workplace concerns.

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OTC ensures investigations are conducted in a manner fair to both employer and employee. Investigations are conducted in a consistent and timely manner and in a way that adequately informs appropriate personnel on the status of ongoing investigations. In the event of investigations concerning accidents, diversions, losses, or other reportable events, OTC additionally ensures that the City Manager and the DCC is notified immediately and kept apprised of the status of the investigation.

Any employee who is found to be deceiving Security Personnel, the Compliance Officer or any other investigator or impeding an investigation in any way are subject to discipline up to and including termination. In the event that evidence should lead us to believe an employee is the suspect of a criminal investigation, the employee is not interviewed any further until law enforcement is contacted and the employee is suspended until the matter is investigated and resolved.

Investigations are conducted using the following protocols:

- 1) **Initiate investigation:** Security Manager and Compliance Officer record the initial information about the situation, proposes the scope and nature of investigation, including information about inventory, accusations or allegations. Security Manager and Compliance Officer provide this information to the Chief Executive Officer (CEO), Chief Operating Officer (COO) and sets a time within 24 hours to strategize on investigation.
- 2) **Notification:** Notify the City Manager and the DCC as soon as possible within 24 hours of discovery: In the event a reportable event (theft, diversion, losses, or other as required) is discovered, OTC immediately reports to the DCC, either through a designated phone line established by the City Manager and the DCC or by electronic communication in a manner prescribed by both agencies.
- 3) **Preserve evidence:** The Compliance Officer Security Personnel take immediate action to secure and protect, from destruction or interference, any relevant accounting, administrative, or security records. If deemed necessary, we may suspend an employee if there is evidence of misuse of resources or if the employee's continued presence may interfere with the investigation.
- 4) **Determine roles/responsibility:** The Compliance Officer and the Security Manager review the initial report from the General Manager and Inventory Manager to determine who should be involved in the initial meeting mentioned in Step 1. If the CEO and COO deem it appropriate, this may include an external investigator. In all cases, the investigator has the following: an ability to investigate objectively; no stake in the outcome; working knowledge of employment laws; strong interpersonal skills and ability to be perceived as neutral and fair; attention to detail; and an appropriate temperament for conducting interviews. This meeting may also include legal counsel to ensure the OTC has relevant advice regarding the rights of employees, especially when individuals are at risk of self-incrimination.
- 5) **Investigative Plan:** Prior to taking other actions, the investigator records an Investigative Plan that includes the outline from Step 1, a proposed witness list, a requested evidence list (including surveillance), planned interview questions, and a process for retention of documentation. The investigator has the authority to interview employees, contractors, and other witnesses if necessary; to inspect facilities and records; and to request information the investigator deems relevant and necessary to the investigation.
- 6) **Investigation:** After receiving approval from the CEO, COO and legal counsel if appropriate, the investigator implements the Investigative Plan. The investigator provides updates to the CEO, COO and other individuals as required at appropriate time intervals
- 7) **Draft report:** The investigator prepares and reviews a draft report with the other members present during the initial meeting in Step 4. This report includes the scope and nature of the allegations, including dates and times, a record of how and when the incident came to the company's attention, parties involved, key factual and credibility findings (including sources), interviews conducted, evidence reviewed, employer policies/guidelines and applicability to the investigation, conclusion reached, party or parties responsible for final determination, recommendations, and issues that could not be resolved and reasons for lack of resolution. During this meeting, if the report is deemed sufficiently complete, the group determines a course of action. This initial report is submitted to the City Manager and the DCC within 7 days of discovering the event.
- 8) **Corrective Action:** The CEO and COO take the actions determined in Step 7. Actions may include: disciplinary measures up to and including termination, training programs, modifications to the standard operating procedures,

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modification to the Security Plan or Security System, or other actions as appropriate. Any disciplinary procedures must be in accordance with any labor agreements, and must be reviewed by legal counsel or the Head of People and Places prior to the action being taken.

- 9) **Final report:** The investigator updates the report as necessary from Step 7. The final report must include actions taken, and must clearly document a good-faith basis for any actions taken during or as a result of the investigation. If this investigation is in response to a reportable event, the final report is provided to the City Manager and the DCC through the appropriate communications channel. This final report shall be submitted to the City Manager and the DCC within 30 days of discovering the discrepancy.
- 10) **Follow-up:** Compliance Officer and Security Manager follow up with oversight from the CEO and COO as appropriate. This may include reviewing surveillance to ensure new standard operating procedures are being implemented correctly, informing other employees of the outcome of the investigation, asking employees for feedback on the investigation or actions taken, or other follow-up as appropriate. Ownership also reviews the investigation process and review whether or not the investigation process should be revised.

### OPERATIONAL SECURITY: DELIVERY SECURITY

We comply with all safety regulations and take further measures to protect employees and the community. Delivery employees are instructed to comply with state regulations involving safety; drivers do not travel with cannabis goods worth in excess of \$5,000 at any time and cannabis goods in the vehicle are never visible to the public. At no time will a Delivery employee leave cannabis goods in an unattended delivery vehicle unless the vehicle is locked and equipped with an active vehicle alarm system (CCR § 5417(c)). Delivery vehicles are outfitted with a digital panic button, which can be employed by drivers in the event the driver feels their safety is threatened. This function notifies the Manager and local authorities of the driver's location.

We have carefully selected safe and efficient equipment for delivery operations. We plan to purchase 5 delivery vehicles and to outfit each to meet Local and State specifications. OTC's fleet features Toyota Prius', which provides benefits to drivers and supports our environmental pledge. The Prius has state-of-the-art safety mechanisms, including integrated sensors for pre-collision and pedestrian detection, a vehicle proximity notification system, and an advanced airbag system. OTC will only purchase vehicles equipped with a built-in alarm system. We will have our fleet regularly serviced and will immediately resolve any mechanical or technical issues. There will be no exterior signage that identifies OTC's vehicles as cannabis delivery vehicles. Only the delivery employee, OTC, and local and state agencies shall have knowledge that our vehicles are used for the transportation and delivery of cannabis products.

Each delivery vehicle is outfitted with a Global Positioning System (CCR § 5417(d)). OTC uses GPS Fleet Tracking by OnFleet. OnFleet's program and equipment provide real-time location monitoring, electronic logging capabilities, and reports fuel consumption and driver route performance. Any information requested by the DCC regarding location and delivery routes is immediately accessed through the system and dutifully supplied. OTC utilizes the equipment solely to carry out delivery operations and comply with record-keeping and logistics regulations— the equipment is not to be used for any other purpose. The Delivery Vehicles are outfitted with Tuffy Security Lockboxes for added security. The lockboxes are installed and locked in the trunk of each Prius precluding public visibility of product and cash. Drivers are required to put all product and cash from transactions in the lockbox while driving. Cannabis products are only approved to leave the safe when a driver performs a delivery at a verified private location or when a driver needs to restock. All cash remains in the lockbox until the driver gets back to the facility and is ready for transfer. Pursuant to California Law, OTC will not use unmanned vehicles "self-driving cars" (CCR § 5415(c)). Each delivery vehicle is equipped with hands free "Bluetooth" calling and integrated voice command technology.

OTC adheres to a strict no tolerance policy with respect to non-consumption rules for drivers, and each driver is duly aware of the provision and must provide a signed acknowledgement (CCR § 5419). Delivery drivers are instructed to utilize hands free calling via voice command technology and to obey California traffic regulations – always maintaining awareness of road and traffic conditions. We believe our equipment and safety protocols serve the best interest of employees, the company, and the community.

### D.3 OPERATIONAL SECURITY: DATA SECURITY





Physical security is paramount: nothing is more important than the health and safety of our staff, customers, and community. However, cybercrimes are another constant security threat, and the perpetrators can operate remotely. Beyond cyber security and the associated threats, OTC has an obligation and responsibility to safeguard our customer's personal data, as well as to be completely transparent with our customers and staff about the collection, storage, organization, and safeguarding methods pertaining to data storage and sensitive information.

There are applicable standards that OTC aims to meet and exceed in order to maintain compliance with data security regulations, specifically the Health Insurance Portability and Accountability Act (HIPAA), Payment Card Industry Data Security Standard (PCI-DSS), and the California Consumer Privacy Act (CCPA). HIPAA provides health information privacy protection for individuals and is regulated under the United States Department of Health and Human Services. The PCI-DSS is an information security standard for organizations that handle branded credit cards and is administered by the Payment Card Industry Security Standards Council. Finally, the CCPA is a state specific regulation that creates consumer rights relating to the access to, deletion of, and sharing of personal information that is collected by businesses; the CCPA is regulated under the California Department of Justice.

**Data Security and Privacy: Treez POS:** OTC uses Distru and Treez POS software, the Dutchie online ordering platform and the Headset data analysis software, all of which has Data Leakage Prevention and Encryption built-in. Treez, Dutchie and Headset support engineers constantly monitor for potential issues. If a potential issue were to arise under this scope, management immediately contacts Treez, Dutchie, Headset or our Human resources platform representatives to ascertain whether they have encountered a threat or breach depending on the situation. From there OTC's IT Consultant liaises with these vendors to secure OTC's private data. The OTC team is then briefed after an outside threat is suppressed.

**Data Security Policy: Employee Requirements:** OTC must protect restricted, confidential or sensitive data from loss to avoid reputation damage and to avoid adversely impacting our customers. The protection of data in scope is a critical business requirement, yet flexibility to access data and work effectively is also critical. The primary objective of this policy is user awareness and to avoid accidental loss scenarios. This applies to any employee, contractor or individual with access to OTC systems or data. Data to be protected includes: Personally Identifiable Information; Financial Records; Confidential Information (health data included); Intellectual Property.

Any employee, contractor or individual with access to OTC systems/data shall adhere to the following requirements:

- Complete OTC's security awareness training and agree to uphold the acceptable use policy (AUP).
- If employees identify an unknown, un-escorted or otherwise unauthorized individual accessing OTC technology or equipment they must notify the management immediately.
- OTC personnel are required not to reference the subject or content of sensitive or confidential data publicly, or via systems or communication channels not controlled by OTC. For example, the use of external email systems not hosted by OTC to distribute data is not allowed.
- OTC personnel must use a secure password on all OTC systems in accordance with company policy. The credentials must be unique and must not be used on other external systems or services.
- Terminated employees must return all records, in any format, containing personal information (this requirement is part of employee onboarding process with employees signing documentation to confirm they are doing this).
- Staff must immediately notify management in the event a device containing in scope data is lost or compromised.

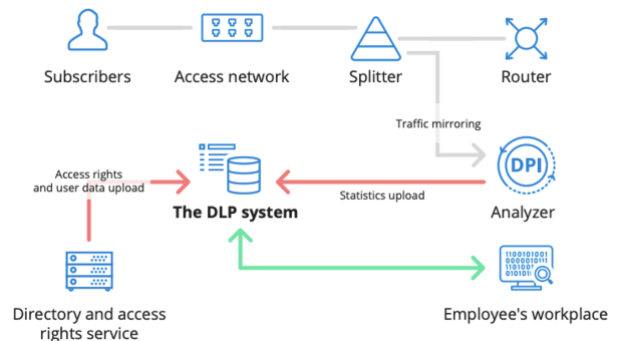
**Data Security Policy: Data Leakage Prevention:** Data leakage prevention (DLP) is designed to make users aware of data they are transferring which may be sensitive or restricted in nature. The primary objective of this policy is user awareness and to avoid accidental loss scenarios.

This applies to any OTC device which handles customer data, sensitive data, personally identifiable information or company data. Any device regularly used for email, web or other work-related tasks and is not specifically exempt for legitimate business or technology reasons. OTC's information security policy defines requirements for handling of information and user behavior requirements. This policy is to augment the information security policy with technology controls.

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OTC may incorporate DLP technology to scan for data in motion:

- The DLP technology identifies large volumes of in scope data, such as:
  - Credit card details, bank account numbers and other financial identifiers
  - Email addresses, names, addresses, other combinations of personally identifiable information
  - Documents that have been explicitly marked with the “OTC Confidential” string
- DLP identifies specific content, for example:
  - Sales data – forecasts, renewals lists, and other custom listings
  - Exports of personally identifiable information outside controlled systems
- DLP is configured to alert the user in the event of a suspected transmission of sensitive data, and the user is presented with a choice to authorize or reject the transfer.
- DLP logs incidents centrally for review. Ownership and Management conduct first level triage on events, identifying data that may be sensitive and situations where its transfer was authorized and there is a concern of inappropriate use. These events are then escalated to the CEO to be handled through the normal process and to protect the individual.
- Where there is concern of a data breach, the IT incident management process is to be used with specific notification provided to the Management.
- Access to DLP events are restricted to Management in order to protect the privacy of employees. A DLP event does not constitute evidence that an employee has intentionally or accidentally lost data, but it does provide a sufficient basis for investigation to ensure data has been appropriately protected.



Technical Guidelines identify requirements for technical implementation and are technology specific. The technology of choice is Treez POS, Dutchie online ordering and Headset customer data analysis tool. These products are configured to identify data in motion to Browsers, IM Clients, Email clients, Storage devices, and writable media.

### **Data Security Policy: Workstation Full Disk Encryption**

Full disk encryption is now a key privacy enhancing technology, which is mandated by many regulatory guidelines. As defined by numerous compliance standards and industry best practices, full disk encryption is required to protect against exposure in event of loss of an asset. This policy defines requirements for full disk encryption protection as a control and associated processes. This feature is present on all OTC workstations, tablets and laptops, as well as all OTC virtual machines.

All devices in scope have full disk encryption enabled along with the following capabilities and requirements:

- OTC’s Acceptable Use Policy (AUP) and security awareness training must require users to notify management if they suspect they are not in compliance with this policy as per the AUP.
- The AUP and security awareness training requires users to notify management of any lost or stolen device.
- Encryption policy must be managed, and compliance validated by OTC’s IT Consultant.
- Machines need to report to the central management infrastructure to enable audit records to demonstrate compliance as required.
- Where management is not possible and a standalone encryption is configured (if approved after a risk assessment), the device or user must provide a copy of the active encryption key to IT.
- OTC has the right to access any encrypted device for the purposes of investigation, maintenance, or the absence of an employee with primary file system access.
- Encryption technology configured in accordance with industry best practices to be hardened against attacks.
- All security related events are logged and audited by Bay Alarm Company to identify inappropriate access to systems or other malicious use.

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- The Bay Alarm Company may be permitted to issue an out-of-band challenge/response to allow access to a system in event of a failure, lost credentials or other business blocking requirements. This response is provided only in the event that the identity of the user can be established using challenge and response attributes documented in the password policy.
- Where identified by the authentication and restricted data policy, a system/user is required to use two factor authentications.

Technical Guidelines for full disk encryption identify requirements for implementation and are technology specific:

- Industry best practice defined cryptographic standards employed (AES-256 as approved implementation).
- The basic input/output system (BIOS) is configured with a secure password that is stored by the IT Consultant. The boot order is fixed to the encrypted hard disk drive (HDD). If a user for maintenance or emergency use requires an override, the helpdesk can authenticate the user and then provide the password for the BIOS – the objective being to avoid an attacker cold booting and attacking the system.
- Synchronization with Windows/iOS credentials are configured so that the pre boot environment is matched to the user's credentials and only one logon is required.
- A pre boot environment is used for authentication. Credentials are used to authenticate the user in compliance with OTC's password security policy.

**Disposal of Records:** After the expiration of the applicable retention period, OTC disposes of records in accordance with all applicable State laws and the City of National City's rules and regulations, as well as the requirements of HIPAA. The disposal and destruction of records shall be done in such a way so as to prevent disclosure of confidential or otherwise sensitive personal information (for example, customer information, employee information, and the like). OTC shall create and maintain a written record or log of all records destroyed, including the date of destruction, type of record destroyed, manner of destruction and persons present during the destruction process.

**Security Risk Assessments (SRA):** In order to comply with applicable data privacy regulations, and to ensure the security of our network's personal data and information, OTC continuously monitors the performance of its employees, processes, and technologies (both hardware and software). Our IT Consultant conducts regular SRAs and communicates results to the entire staff. Other technology that might be evaluated is a disaster recovery plan that enables access to patient information in the event of a disaster (fire, flood, hurricane, tornado, etc.). The SRA helps guide an organization to what additional technology should be evaluated.

OTC ensures that training programs incorporate data security, emphasizing the importance of Personally Identifiable Information and the expectations for staff to safeguard sensitive data, as well as understanding the potential ramifications of breaching OTC's data security policies. OTC staff is presented with basic data security concepts, such as firewalls, anti-virus software, password protection, encryption, cardholder information (PCI-DSS encryption), restricted access, record keeping, policy documentation, and testing and verification processes.

### D.4 PERIMETER SECURITY

OTC's facility design takes advantage of its location and site layout to implement an overall Security Plan that leverages design features to increase perimeter security. Our perimeter security systems feature motion-sensored lighting, fencing, and various other elements to keep our facility safe on the exterior during operational and non-operational hours. All entry, exit, and delivery points at OTC are ADA compliant and equipped with solid-core security doors with commercial-grade hardware. All entrances are under the control of the Compliance Officer and the Security Manager. Such hardware includes door locks and the entirety of the door frame including, but not limited to the door jamb, head and architrave. Each entry / exit door will be fire-rated at a minimum of 20-minutes and equipped with built-in intrusion detection door contacts and above-door emergency egress lighting. Safety verbiage will be affixed to the external sally port and rear exit doors to advise against blocking. Outdoor caution markers will be affixed to the doors to indicate the door swing radius.

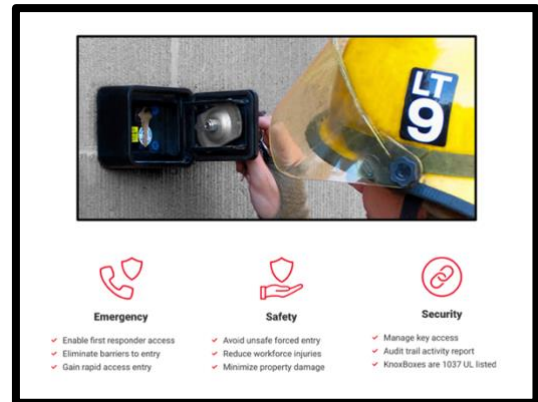
The store layout includes an entrance lobby and exit trap door that allows staff to control customer flow and prevent anyone from entering or leaving if crime is detected. The store's rear has parking that services incoming distribution



and outgoing retail deliveries. Utilizing a secure rear entrance for deliveries allows direct path of travel and keeps stored product in a secured location not easily accessible to potential criminals. By incorporating conscientious design features into the layout, we effectively deter potential criminal threats and our security protocols and 24-hour monitoring provide added security to the dispensary and surrounding businesses.

All clientele are required to utilize the one-way sally port exit. The sally port is equipped with motion detection and an infrared HD camera. Both doors within the sally port utilize commercial-grade push bar hardware. The rear door provides services for authorized delivery personnel and emergency egress. All entrance and exits at OTC are recorded from both interior and exterior vantage points 24 hours a day with a live feed provided to local law enforcement. One KnoxBox device will be mounted in front of the entrance for emergency responders; the Master Key is provided to National City Fire Department and National City Police Department).

ArmorTech guards conduct constant patrols of the facility grounds and surrounding areas within a two-block radius during hours of operation and communicate all security deficiencies and discrepancies to Shift Supervisors prior to shift completion, providing written reports as needed. This includes heightened attention to the courtyard in front on the Main Entrance and the corridors on either side of the courtyard. Management and Security vigilantly monitor the perimeter to make sure there is no loitering within 50 feet of the store, OTC posts signage and the building has enough exterior lighting to avoid loitering, vandalism, criminal activity and unauthorized entry.



OTC provides in-person surveillance of the retail facility 24 hours a day, 365 days a year with interior and exterior video monitoring and a live-feed provided to local law enforcement. During operational hours, the Compliance Officer monitors the inside of the site, while one of the security personnel walks the perimeter. Security personnel conduct perimeter checks every hour. The constant monitoring of the interior and exterior keep the property both free and clear of nuisance.

Security personnel patrolling the exterior are trained to detect and monitor individuals that are delaying, loitering and posing a threat to neighbors and the surrounding community within 50 feet of the facility; this includes constant observation of the facility perimeter for groups larger than two individuals. We post appropriate signage at points throughout the facility exterior to reinforce that loitering, vandalism, and criminal activity are not permitted. These patrols include confirmation that signage is intact and legible. These measures help alleviate loitering and delaying concerns that may contribute to accumulation of trash, graffiti or other public nuisances on the facility perimeter.

We also plant, alter and maintain all exterior vegetation in a fashion that precludes its use as a hiding place for persons on the premises. Any considerations for landscape updating, improvement or alteration are made with respect to security and upholding this standard for exterior landscaping. The large tree to the Southeast near the front entrance will be a point of emphasis for landscaping maintenance; lower branches will be pruned regularly to create visibility. Security Personnel are trained to detect individuals who are attempting to hide amongst exterior vegetation. We inspect the facility exterior for grass, weeds and foliage within 50' of the building that may lead individuals concealing themselves from view, check that all dumpsters or non-cannabis waste receptacles are closed to prevent anyone from hiding inside a dumpster and close any open dumpsters.

**D.4 PERIMETER SECURITY: ONSITE SECURITY GUARDS**

OTC’s facility features on-site security guards twenty four hours a day unless authorized for a alternative security personnel arrangement by the City Manager (NCMC § 9.60.230(M)(12)). All on-site security guards at OTC are contracted by Yador Enterprises (BSIS PPO 119899) DBA ArmorTech Security; a California based and licensed security, live-scan, private investigations (BSIS PI 28168), and security guard training/licensing (BSIS License TFF 1512 and TFB 1273) firm. The primary contact for security services is Samuel Yador, reachable at 646-842-8387. Samuel Yador is our designated Security Manager that is required by HMC § 18.528(b) and maintains all of the security-related responsibilities highlighted in NCMC § 9.60.230(M).

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**Number of Guards:** OTC employs at least two part-time and two full-time armed security officers. At least one-armed guard is present at OTC during all hours of operation.

**Guard Hours:** Guards are assigned to the A Shift or B Shift. The A Shift is responsible for opening duties, the B Shift is responsible for closing duties. All B Shifts include at least 2 guards with a third on-call guard available. B Shifts occur in the afternoon and have higher traffic expectations during Monday through Friday. Given lower customer traffic rates during A Shifts that occur Monday-Friday, most A Shifts only have one guard on-site with an additional on-call guard available. Each shift lasts approximately 7 hours but does not exceed 8 hours. During non-operational hours we utilize a response security patrol in conjunction with our security monitoring surveillance and alarm system. Security personnel are required to patrol the facility on an hourly basis or on an as needed basis as determined by the security surveillance monitoring and alarm system. We implement a C-Shift to maintain site security during hours OTC is not in operation, and we will seek approval from the City Manager for any alternate video surveillance-personnel combination for non-operational hours. Given that no customers shall be visiting while the facility is closed, we require at least one security guard per C Shift. Guard shifts include reporting times one hour before closing and opening to accompany opening or closing managers at times when they might be alone at the facility. At least one guard is always on call in case of emergency. OTC works with ArmorTech to increase or decrease on-site guards in accordance with projected or observed trends.

**Guard Position Locations:** Security Personnel are stationed between: (1) Main Entrance; (2) Retail Area; (3) Entrances to the Distribution Department; (4) Roving patrols of all departments within the facility's interior; and (5) roving exterior security sweeps. A guard is present at all times in limited access areas when shipments of cannabis are received and when cash pick-ups occur. They protect all public/private property within OTC's security jurisdiction to include all material, equipment and supplies from fire, accident, theft, sabotage, and trespass. Guards conduct random exterior patrols to reinforce perimeter security and uphold the commitments to preventing public disturbance in our Neighborhood Compatibility Plan. Guards operate, maintain, and enforce a system of personnel ID and access controls for employees and visitors. They document all security deficiencies and discrepancies via radio dispatch and written reports to Shift Supervisors prior to shift completion. Particular emphasis for reporting is placed on the following: Any open, unattended exterior doors after normal working hours; Any person inside the facility without a visible badge or visitors' pass; Employee or visitor theft or sabotage; Any limited access door open and not in use; Investigation of any observed incident, i.e. persons in the facility without proper ID; and Alarms generated by the electronic security and/or fire system.

**Guard Roles and Responsibilities:** ArmorTech provides OTC with a copy of Facility Post Orders and a Security Officer Manual. Instructions in Post Orders are specific to OTC and are in the form of general, special, and/or temporary orders. Orders describe duties and actions guards are to carry out under specified conditions at individual posts/patrols as required by the security agreement. General Orders are applicable at all posts and patrols and cover items such as: performance of security agreement, security guard duties and responsibilities, facility access procedures, notification requirements, etc. Special Orders prescribe the responsibilities of a particular post or patrol. Each post or patrol has special orders issued concerning the location, duties, and hours staffed. Temporary Orders are instructions issued for a short period covering a special or temporary situation including emergencies.

The Security Officer Manual (SOM) and Post Orders include, but are not limited to the following: Chain of command; Concepts of facility protection; Legal aspects of facility protection; Fire prevention and protection; Communication; Report writing; Standards of conduct and discipline; First aid; Interaction with visitors/employees; Courtesy and professionalism; Emergency Procedures and Responsibilities; Handling of safety hazards and threats; and OTC policies, rules and regulations. No Security Guards are assigned to duty unless they are thoroughly knowledgeable of and understands the SOM. The SOM may be modified to reflect required changes to OTC's Security requirements.

### **Day-to-Day Operations**

In addition to assigned post orders for day-to-day operations, guards are responsible for the following daily activities:

- Protect all property within OTC jurisdiction, to include material, equipment and supplies from fire, accident, theft, sabotage, trespass. Conducting random patrols.
- Safeguard and protect facility information, documents, material, and equipment.

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- Operate to the extent prescribed by established orders, policies and procedures
- Operate, maintain, and enforce system of personnel ID and access controls for employees and visitors.
- Remain consistent with authority, apprehend and detain suspicious person(s), or those who attempt or do gain unauthorized access to the facility, for release to local law enforcement.
- Maintain law and order, prevent illegal acts that jeopardize safety/security of facility and personnel.
- Make appropriate station checks using a watch clock and electronic tour system. Emphasis to be placed on the following: (1) Open, unattended exterior doors after normal working hours; (2) Any person in the facility without a visible badge/pass; (3) Unattended vehicles parked outside the facility; and (4) Any work being conducted outside the facility or adjacent to the property line.
- Maintain control of keys and pass codes to facility locks.
- Report all violations of security to OTC's point of contact and shift supervisor.
- In event of emergency, follow existing emergency and contingency operating procedures.
- Enforce established policies and procedures for controlling removal of property/documents from site.
- Monitor, assess, and respond to alarms. Monitor CCTV cameras. Investigate and report any suspicious activity in accordance with established security policies and procedures.
- Perform escort duties as required by security policies and procedures for the facility.
- Conduct random personnel/vehicle inspections as directed by Site Supervisor.
- Maintain written duty and activity log for review by OTC. Reportable events include:
  - Investigation of any alarm generated by the security system
  - Investigation of any observed incident, i.e. people on site without proper ID
  - Visits by local law enforcement
  - Any inspection of the guards by the Site Supervisor
  - Any emergency vehicles accessing the facility
  - Any doors, gates, windows, etc. found open during the guards roving patrol
  - Completion of multiple daily patrol

### D.4 PERIMETER SECURITY: LIGHTING

A lighting plan has been developed to address outdoor lighting that deters crime and avoids light pollution. We incorporate guidance and best management practices from the Illuminating Engineers Society (IES) into our lighting system design, implementation and maintenance, including the following standards in the context of security lighting:



- **IES OL-IM 03 Lighting Applications Standards:** design criteria for commercial, residential, industrial, museum, healthcare and many other lighting applications
- **IES OL-IM-04 Lighting Measurements and Testing Standards:** testing and measurement standards for light sources with the goal of providing a reliable and consistent system for calculating and measuring designed and installed and illumination systems; this includes photometric, optical, electrical, color and thermal light testing
- **IES OL-IM-02 Lighting Practice Standards:** basic design principles for indoor and outdoor environments, descriptions of light sources, luminaires, control systems, upgrades and maintenance
- **IES OL-IM-05 Roadway and Parking Facility Lighting Standards:** designing lighting systems for adequate illumination for security lighting in parking areas
- **IES RP-2-20 Recommended Practice – Lighting Retail Spaces:** A standard for retail-focused lighting and the development of effective security lighting systems

The emergency lighting system is equipped with two LED lamp heads for emergency activation and an illuminated “exit” sign to remain illuminated at all times. Our facility is illuminated during hours of darkness with exterior lighting. The lights are shielded and directed downwards in a way that provides an average maintained horizontal illumination of one foot candle of light on the parking surface and walkway. Our exterior lighting illuminates the following areas: All areas of the parking lot; intermittently throughout the main portion of the parking lot; along the

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building façade; along the landscaping bays on the Civic Center Drive street-facing side; along the rear of the building facing the train tracks; and along the landscaping bays in the parking lot.

Proper lighting is used on the perimeter of the site allowing the video surveillance cameras to adequately capture activity around the building. Dual flood lights with motion sensors are installed on all sides of the facility. We look to overlap our lighting fixtures to provide complete coverage and avoid gaps where shadows may occur. We also incorporate photocell controls that turn on exterior lights at dusk when it gets dark and turns off in the morning when the sun rises. All exterior lighting features energy efficient LED bulbs, which have a longer life than other common types of security lighting. Exterior walls near lighting fixtures are painted white to enhance illumination with the white paint's reflective properties.

Rigorous maintenance is key to preserving the durability and functionality of our lighting system. We inspect all exterior lighting daily for blinking, flashing, or burnt-out bulbs and lighting deficiencies in off-street parking areas, paths of travel and building entrances to ensure these areas are illuminated during hours of darkness. We also confirm that lights have not been tampered with and that they are shielded and directed downward with capability of providing average horizontal illumination of one foot candle. Our interior and exterior lighting scheme is designed to mitigate light pollution on surrounding neighbors while facilitating safety and security on the premises during operational and non-operational hours; daily inspections help us uphold these facility maintenance standards and design principles.

### **D.4 PERIMETER SECURITY: PARKING**

Our ability to secure the facility heavily relies upon managing the exterior of the facility in a way that reduces the potential for theft, loss, diversion and public nuisance. This includes a collaborative effort between Management, Security Personnel and day-to-day employees along with the tools and technology implemented at the facility to monitor and protect the parking from threatening activity. The National Safety Council (NSC) and its large library of research, resources and best management practices informs our security procedures for parking security. We conduct an extensive risk assessment of the property's layout and how parking may present security threats and individuals who may present a security risk at any given time.

Parking is prohibited on the stretch of Civic Center Drive along the entire length of the building. Thus, there is a high potential for standing, or temporary parking by an occupied vehicle, on Civic Center Drive rather than customers using the parking lot. An example of this occurrence is when a driver stops on Civic Center Drive to let out a passenger, the passenger goes into OTC to make a purchase, the driver turns on their hazard lights and waits for the passenger to return to the vehicle. This occurrence could cause significant congestion and safety hazards for normal traffic patterns on Civic Center Drive. Security Personnel will vigilantly monitor parking on these main thoroughfares to deter standing and idling vehicles. If Security Personnel see a customer attempting to stand or park on a red-lined curb on Civic Center Drive, they will instruct the individual to move and direct them to the parking lot. Security cameras are placed in various points throughout the building's facades on Civic Center Drive and throughout the rear alleyway to provide coverage and views from multiple angles. Cameras are outfitted with license plate recognition capabilities that record license plate numbers of any vehicles parking near or around our facility; this footage is stored for a minimum of 90 days in case any of the footage must be used as evidence. The security cameras also have thermal imaging capabilities to determine whether or not there are individuals concealing themselves behind vehicles or in surrounding parking areas. Signage is placed throughout the parking areas reminding patrons to lock their doors, store any valuable items out of clear sight of passersby and avoid cell phone use or distracted driving. Security personnel will periodically remind patrons of these security best management practices for parking and driver safety.

Roaming patrols are a prominent strategy for securing surrounding parking areas. Security Personnel regularly patrol parking areas and surrounding areas of the facility to ensure no one is stopping, standing, or parking a vehicle in any area that is designated a no parking zone. Security personnel alternate the routes that they take on their roaming patrols of parking areas to prevent the observation of a pattern. Security Personnel will be a liaison for customers who are looking for parking and will control the flow of vehicles and individuals in and out of parking areas; this includes guiding patrons to open spots, notifying customers who are idling in their vehicles for extended periods of time that they must leave and observing traffic Civic Center Drive to see if any incoming vehicles present a security risk with respect to parking. Security Personnel accompanies customers or patients who have purchased large

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quantities of cannabis goods to their vehicles as the observation of larger exit packaging may invite other individuals who are planning a robbery. Any non-conformance of patron behavior, employee behavior or any other adverse event in parking areas is documented in an incident report and provided to management.

Security Personnel also scan the parking lot to observe any structural damage that may lead to security risks such as cracks or defects in pavement, fading paint lines that create designated parking spaces, comprised security signage that communicates critical information to customers and any other parking features that needs to be maintained. Finally, Security Personnel monitor parking areas and any adjacent property to ensure that these areas are cleared of employees and their vehicles one half hour after closing.

### D.4 PERIMETER SECURITY: VIDEO SURVEILLANCE

OTC has outfitted the facility with a professionally installed and maintained surveillance system that complies with requirements of NCMC and is monitored by Bay Alarm Company, an approved, UL-listed central alarm monitoring company. Our video surveillance system is of adequate quality, color rendition, automated switching to black and white in lowlight conditions and resolution to allow ready identification of any individual committing a crime anywhere on or adjacent to the premises. Cameras are housed in weatherproof housing to prevent tampering and vandalism. The surveillance system storage device and cameras are compatible with the city's software/hardware and are transmission control protocol/TCP capable of being accessed through the Internet by the National City Police Department upon request. The surveillance system can allow the alarm monitoring company to hear live video of the premises upon activation of the alarm. Our video surveillance system can provide remote and real-time, live access to the video surveillance footage. We maintain surveillance recordings for 180 days, which is twice the amount of storage time required by state law and make them available to the city for inspection or copy upon request. The video surveillance system is accompanied by clear and legible signs at the public entrance and various other locations throughout the facility that states "All activities monitored by video camera".

The video surveillance system is comprised of Indoor CCTV Surveillance Cameras, Outdoor CCTV Surveillance Cameras, 360° CCTV Surveillance Camera, Ceiling Motion Detection units, Wall Mounted Motion Detection Units. An Uninterruptable Power Supply (UPS) housed in the Secured Office backs up the video surveillance system, and all security systems throughout the facility have the capability to remain operational and secure the facility in the event of a power outage.

**Camera Devices and Resolution:** Cameras exceed minimum camera resolution of 1280x720 pixels with 1920x1080 for outdoor cameras and 2560x2048 pixels for indoor cameras respectively.

**Camera Placement:** All camera systems are permanently mounted in a fixed location and placed in a location that allows the camera to clearly record activities occurring at a minimum of 20-ft of all points of entry and exits of the facility; allowing for the clear and certain identification of any person within surveillance. Additional cameras are positioned to include, but not be limited to, the following areas: Secure Storage room (Limited Access Area); Office (Limited Access Area); The Cannabis Delivery and off-loading area, Reception Area; Lobby; Entrances/Exits including emergency egress/delivery door, recorded from both indoor and outdoor vantage points; Point of sale systems positioned to record and clearly identify the employee and purchaser of cannabis product(s) within the retail area including a view of all Point of Sale transactions. An additional 360° dome camera is installed within the Secure Storage Room. Delivery vehicles are equipped with dash cameras that provide 24-hour, constant recording on a loop. These cameras are used when a delivery vehicle is involved in a traffic collision as well as cases involving theft or diversion of cannabis goods or cash.

Each camera is weatherproof and comprised of a 2.8 mm fixed lens with an infrared focus range up to 65ft at .01 lux capacity. All cameras are pre-programmed at 15 frames/second with maximum recording speed of 20 frames per second. All security cameras continuously record 24 hours a day, 7 days a week with camera footage time stamped in compliance with United States National Institute Standards and Technology (USNIST) standards. Surveillance footage of all on-site activities is stored and maintained utilizing an LTS 32-Channel Digital Video recorder. Resolution for video recording and playback are at full High Definition quality at 1080-P, recording at 30 frames-per-second. The storage capacity of this DVR maintains video recordings for 180 days, with audio, for up to 32



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camera units. The digital recording device is equipped with an automatic reporting system for system failures, interruptions and/or malfunctions via on-site and remote notifications. Reports are viewable via phone, tablet or monitoring console 24 hours a day, seven days a week.

The recorder is equipped with 3 USB ports for download of videos to portable hard drives and can support up to 128 remote connections for monitoring; allowing local law enforcement access. Local law enforcement is given unrestricted remote access to the video surveillance system for further monitoring of the facility. Time and date-stamped surveillance recordings are provided to The City of National City and the DCC upon request and within the timeframe specified. The recorder is secured by a 15 x 15 x 5-inch DVR/NVR Heavy Duty 16 Gauge Security Lockbox Enclosure with a built-in AC Fan and is wall mounted at a minimum height of 10-feet.

**Failure Notification and Camera Backup Power Supply:** an on-site backup battery to the on-site NVR and security camera systems provide emergency backup power.

**Digital Video Recorder (DVR):** LTS Platinum Enterprise Level 32 Channel Recorder with 32 Channels, 1 VGA, 2 HDMI up to 1080P Output, 32 Playback Channel, 16CH/1CH, RCA Audio In/Out, 16/8 Alarm In/Out, 8 SATA up to 48TB Storage Capacity, 3USB 2.0 outlets, 1/16 fps real-time frame rate TCP/IP, PPPoE, DHCP, DDNS, NTP, SADP, SMTP, SNMP, NFS, iSCSI, UPnP, HTTPS network protocols.

**CCTV Surveillance Cameras:** Platinum HD-TVI Dome Cameras have 5MP Hi-Def, 2560x1994 @20 fps, 2.8mm fixed lens, 2 Matrix IR up to 65ft, IP67, IK10, 3-axis and 1 HD-TVI Output

**360° CCTV Cameras:** Panasonic 360° Vandal Resistant Outdoor Dome 9-Megapixel Network Camera with Transmission modes that include, Panorama, Double Panorama, Quad PTZ, Single PTZ, and Quad streams (H.264), 9 Megapixel images up to 15 fps. And High sensitivity with Day/Night (ICR)\* function: 0.3 lx (Color), 0.04 lx (B/W) at F1.9\* ICR: IR Cut filter Removal. Built-in ABF enables automatic focus adjustment for sharp image both in color and B/W modes and corrects the focus shift that caused by temperature differences. The cameras are also outfitted with SDXC/SDHC/SD Memory card slot for manual recording (H.264 / JPEG), alarm recording (H.264 / JPEG) and backup upon network failure (JPEG) and Full duplex bi-directional audio that allows interactive communication between camera site and monitoring site.

**DVR Lockbox System:** 18"x18"x5" DVR/NVR Lockbox, Security Lockbox Enclosure Heavy Duty 16 Gauge with AC Fan, with Wall/Floor Mount. The Lockbox is made of 16 gage steel with removable lid for easy access, locking front door with cam lock and 2 keys, air vents, cooling fan and power cord for superior cooling, rubber bumpers and durable textured powder coated finish. The top cover can be screwed in for additional security. A single 1.75" knock out and three separate 1" knockouts ensure the maximal space available to pass through cables. The Lockbox comes with mounting bolts, rubber feet, and 1 set of keys; additional sets are made for relevant personnel as needed.

### D.4 PERIMETER SECURITY: INTRUSION ALARM AND MONITORING SYSTEM

The name of the entity providing monitoring and testing is Bay Alarm Company; a California Licensed Alarm Company Operator (ACO 28 | CA License #880138) located at 5130 Commercial Drive, Concord, CA 94520. Mr. Josh Kerkhoff, the account manager for our facility, may be reached at 1-800-470-1000.

The alarm system sends daily communication test signals to Bay Alarm Company, and Bay Alarm Company can make maintenance and service requests at any time. Bay Alarm Company can provide emergency, same day service for any emergency repair requests. The alarm system includes alarm contacts on all accessible entry points. Motion detectors near every entry point and a 360 degree motion detector installed in the main room of the premise. Monitoring records are kept for a period of 180 days, twice the minimum state requirement of 90 days. The control panel is a UL listed burglar alarm system; reporting to a UL listed central monitoring station. A test signal shall be transmitted to the central station every twenty-four (24) hours with annual testing and inspections.

If an intrusion signal is received by Bay Alarm Company central station, the procedure is as follows: (1) Call the first 2 numbers associated with the account; (2) Dispatch Police Department; (3) Call remaining emergency contact list; (4) Update Police Department on contact status.

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**Security Alarm System Control Panel:** C3 Pro 400 Access Control Panel; Readers Supported: 26 to 66-bit formats; Communication: TCP/IP, RS-485 and WI-FI optional; Data is preserved if power lost, controller continues to operate if data connection is interrupted; Alarm and event notifications can be sent via email; Supports video integration and visitor management module; Real-time monitoring via web browser; Anti-Passback, First-Card Opening, Multi-Card Opening, Duress Password Entry, and Auxiliary Input/ Output Linkages are built into the firmware.

**Access Card Reader:** ZKAccess KR500 HID Compatible 125kHz Proximity ID Card Reader; Capable of Reading HID and ZKAccess 125 kHz 26-bit Proximity Cards; Built-in Wiegand-Out Port; IP67-rated.

**Ceiling Mounted Motion Detection:** Bosch DS9360 TriTech Ceiling Mount PIR / Microwave Detector; Motion Analyzer II Processing; Microwave adaptive processing; Self-test supervision system; Changeable Mirrors; 360° x 18-meter (60ft) diameter pattern

**Keypad for Intrusion Detection System:** DMP Thin Line LCD Keypad Model 7073/A; Custom 16-character home or business name in the display; Four 2-button panic keys; AC Power/Armed LED; 32-character display; Backlit keyboard and DMP logo; Internal speaker; Red keyboard lighting in alarm conditions; Simple harness connection to 4-wire keypad bus; Optional backboxes for conduit or wall mount applications; Provide four fully programmable, Class B, Style A, supervised, power limited protection zones that can be programmed for a variety of burglary and access control applications; Provide a built-in proximity card reader designed to read proximity credentials; Provide a door strike relay and allow Wiegand input from external card readers

**Wall Mounted Motion Detection:** Bosch PIR Motion Detector; Dynamic temperature compensation; Improved false-alarm reduction with First Step Processing feature; utilizing signal amplitude, polarity, slope and timing calculations.

**Strobe/Horn System:** STI Select-Alert Siren and Strobe System; 32 Selectable Alert Sounds and volume control; High-intensity LEDs with 8 flash patterns and speeds; Durable, polycarbonate construction; IP66/ IP54 Compliant; Lens Tamper Evident; Decibel Rating range: 85dB-105dB.

**Mosquitos:** High pitch frequency devices serve as a deterrent for vandalism and loitering

**Intrusion Detection Door Contacts:** GE Magnetic Recessed Steel Door Contacts; Designed specifically for steel doors; Regular, Wide Gap, SPDT, DPOT and high security modes available; Hermetically sealed magnetic reed switches encased in fire-retardant ABS plastic housings

**Under Desktop Duress Button:** Bosch Radion Dual Panic Remote Switch; Five-year battery life; Water and dust resistant; Wireless configuration; Operating Frequency: 433.42 MHz

**Fire Alarm System:** OTC's Fire Alarm System was designed by BHP and is made up of the following components: (1) Fire Alarm Control Panel (FACP); (2) Primary and Backup Power Supply; (3) Alarm Initiating Device(s); (4) Alarm Notification Device; (5) Remote Control and Display Panels; and (6) a Building Safety Interface.

The control panel is the control center and brain of the fire alarm system; it monitors and manages the initiating devices and relays signals to notification devices if an issue is detected. The control panel provides a display of the current system status, as well as troubleshoots codes and a touchpad to manage the system directly to disable alarms, signal alerts, reset the system and reprogram the system when necessary. The FACP is located in the facility's main office. OTC's fire alarm system features access to two power supplies. The primary supply is used constantly, and the backup is only used in the event of a power failure. The backup power supply consists of 12V batteries linked to a 24VDC power-limited system and is located in a separate enclosure adjacent to the FACP.

OTC's system features manual and automatic initiating devices to inform the system if there is a fire emergency or other danger. Duct-mounted smoke detection is on the return side of required units over 2,000 CFM, in accordance with the CA Mechanical Code Chapter 6 a manual pull stations (dual action) is provided at every exit. Additionally, smoke and heat detectors are featured in each area of the facility. Notification devices notify those inside the building when an event is underway. The facility has a temporal-3, horn/strobe fire alarm system for the tenant space. Audibility is to be provided throughout the tenant space in accordance with NFPA 72. Retail areas, the restroom and corridor is served with strobe coverage in accordance with NFPA 72.

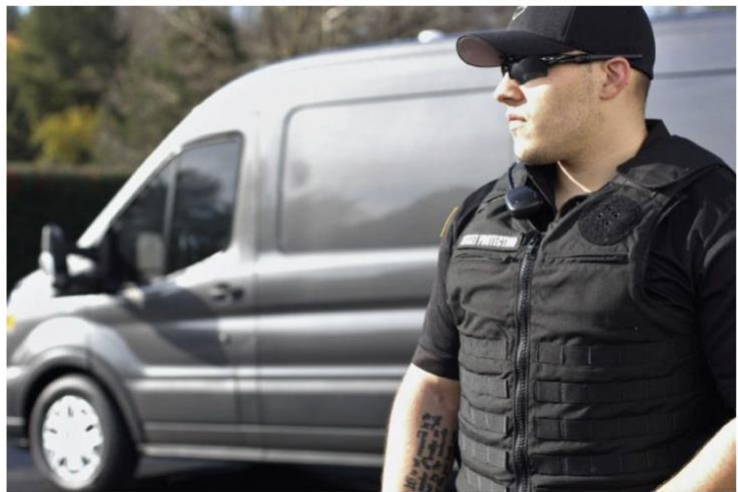
## OFF THE CHARTS

OTC and Bay Alarm Company can control a set of fire alarm systems remotely with Remote Control and Display Panels. These allow security, management, and Bay Alarm Company to easily check, activate, and deactivate fire alarms throughout the building as well as to run diagnostic checks for remote locations. Building Safety Interface features allow OTC's fire alarm systems to control other elements of the building. The building safety interface can be used to communicate with the building's access control panel to hold doors in the open position, which makes evacuation procedures safer and easier. The alarm system also includes alarm contacts and motion detectors on all accessible entry points along with a 360 degree motion detector installed in the main room of the premise. The entry and motion detection system allows our Bay Alarm Company to be alerted of any potential intrusions during non-operational hours.

### D.5 TRANSPORTATION TECHNIQUES AND SECURITY PROCEDURES

OTC complies with all security and transportation regulations to take heightened measures in protecting our employees and the community.

Our transportation procedures include logistics mapping and coordination of responsibilities between delivery drivers and dispatchers. Policies include having at least one dispatcher on-site for every two Delivery Drivers during any given shift. Typically, drivers are sent out to fulfill between 3-10 delivery requests per route and dispatchers are responsible for organizing a route based on the orders that are in the queue. Orders are prioritized based on the time they were received, but dispatchers also use Samsara's GPS route functions to help map out the most efficient route. OnFleet's GPS software is capable of mapping an optimally efficient route based on addresses entered into its database, but Dispatchers are capable of manually overriding these efficient routes to ensure that earlier in time orders are taken into consideration and that we maintain our 90-minute delivery time commitment. Routes and orders are prepared by dispatchers for delivery drivers who must confirm the delivery route and order manifest before leaving the facility for a new delivery.



Drivers are responsible for coordinating with Dispatchers for post-delivery protocols upon returning to the facility. This includes removal of all cash from their vehicle's lockboxes, counting out all cash under the supervision of the Dispatcher and placement of cash into the vault, the removal of all returned or rejected product for all cancelled orders, coordination with the Dispatcher to return the product to the Secure Storage Room, post-delivery vehicle inspection checklist, removal of all personal items from their delivery vehicle and double verification of all transaction information contained in Treez POS and OnFleet.

Drivers are instructed to comply with state regulations involving safety and do not travel with cannabis goods worth over \$5,000 at any time, while the value of cannabis goods carried in the delivery vehicle for which a delivery order was not received and processed prior to the delivery driver's departure shall not exceed \$3,000. Drivers keep cannabis goods in Tuffy Tactical Security Lockboxes for added security, which are not visible to the public. Lockboxes are installed and secured into the trunk of each car. At no time will a delivery employee leave cannabis goods in an unattended vehicle unless the vehicle is locked and equipped with an active alarm system. We have implemented a strict no chase policy and robbery management training teaches de-escalation techniques and emphasizes safety.

Our Drivers transport cannabis goods in a way that precludes visibility and identification from outside the vehicle. OTC's vehicles and transportation operating procedures comply with this non-visibility requirement. Namely, we have implemented vehicle design requirements and transport packaging and odor mitigation protocols to prevent transported cannabis goods from being identifiable or visible from outside the vehicle.

## OFF THE CHARTS

Vehicle design measures include prohibition of any signage or company information on transportation vehicles as well as black out tinting for all of the trunk windows in our vehicles. All OTC vehicles are devoid of identifying marks or signage and any vehicle specific dents or marking will be immediately treated so as to preclude identification of vehicles as a cannabis delivery vehicle in addition to actual cannabis goods. In addition to securing the vehicle against outside visibility, we have designed transportation packaging and odor mitigation protocol to further prevent detection of cannabis and the associated security threats. First, any and all transported cannabis is stored in opaque containers that preclude visibility and identification of cannabis. This opaque packaging is in addition to sealed containers for cannabis goods and it allows us to transport cannabis goods in as nondescript a manner as is feasible. We also use activated charcoal odor absorption bags in the trunk of the vehicles where product is stored to mitigate the possibility of identification of cannabis through odor that may trigger a robbery attempt. OTC's vehicle design modifications and transport packaging and odor mitigation protocols are of the utmost importance for driver safety purposes; however, our advanced operating requirements will also allow OTC's transportation activities to exceed minimum local and state requirements.

OTC implements a zero-tolerance hands-free and distracted driving policy for its Delivery Drivers and other employees. Employees are not permitted to operate a motor vehicle while performing tasks that may cause distractions. This includes using a wireless communications device to text, compose, read, or send an electronic message, when the motor vehicle is in motion and while in traffic. This prohibition is effective during employees' work schedule including when the employee is conducting OTC related business. If an employee must make a call, including an emergency call (911), the motor vehicle should first be parked in a safe location. The use of OTC's two-way dispatcher communication system while driving is excluded from this policy. All OTC employees and motor vehicles are covered under the Federal Motor Carrier Safety Administration rules specifically prohibiting drivers of commercial motor vehicles from texting or using hand-held mobile phones while operating their vehicles.

We maintain an automotive liability insurance policy consistent with state insurance and bond requirements. The company also pledges to maintain workers' compensation insurance while the license is in effect.

### **D.6 EMPLOYEE TRAINING AND GENERAL SECURITY POLICIES**

Our Security Plan includes comprehensive focus on employee safety education and training for all staff. This includes training regarding product handling, burglary/robbery protocol, security measures required by HMC § 18.528 and various other hazards of the commercial cannabis business. Security training is included as a necessary component of compliance with of NCMC § 9.60.230(L) and the associated implementation and documentation requirements.

Off The Charts (OTC) SOPs incorporate comprehensive safety and security measures that have been designed to ensure the safety of our team members, customers and the entire National City community. ArmorTech boasts over 20 years of experience in commercial security and helps us ensure we have covered all areas of operational security in our training program. Additionally, OTC's security training procedures have been reviewed by Green Consulting Partners, who have a decade of experience in the regulated cannabis industry, to ensure that all safety and security procedures and policies are compliant with California's Medicinal and Adult-use Cannabis Regulation and Safety Act (MAUCRSA), the National City Municipal Code (NCMC), State and Federal Employment Laws, as well as Occupational Safety and Health Administration (OSHA) Laws and Regulations. These policies and procedures have been formalized into an 80+ page Section of OTC's Employee Manual and all team members undergo an extensive five-day training, which includes three days that incorporate safety and security policy and procedure training.

The first phase of training is conducted in a classroom setting. Employees are trained on OTC policies and procedures of the Security Plan, including but not limited to: Preventing Diversion, Inversion, theft and loss of cannabis; reporting requirements for disqualifying offenses; Pocketless uniforms; random pat down searches; Serious injury or death of an employee; Employee assault; Employee theft, fraud or embezzlement; Suspicious activity protocols; access control protocols; Main facility entrance procedures; ID Sign in-log procedures; Confidential passwords; Identification badges, Facility Agent identification procedures; Emergency exits and evacuations; Video surveillance system; Data security; Vulnerability and threat assessment training; Sexual harassment prohibitions; Workplace violence Inventory management, control and reporting; Reporting potential violations and security issues.

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Staff must pass a written examination with a minimum score of 90% prior to graduating to Phase Two. The second phase of training occurs at the facility where all staff physically demonstrates their ability to apply their phase one training. All persons demonstrate:

- How to follow established procedures to access the main entrance using badge and employee PIN;
- Gaining access through the security pass through by electronic means to enter limited access areas;
- Properly displaying their badge;
- Observing security threats in parking areas and other areas in the surrounding neighborhood
- Cash management protocols
- Loading and unloading cannabis goods to and from a delivery vehicle
- Walkthroughs of robbery, burglary and active shooter situations

Below are prominent recurring training modules feature in our Security Plan that are provided on an annual basis:

**Security Training Modules: Cash Management:** Maintaining security in the chain of custody for cash is as important as maintaining the chain of custody for cannabis goods and we impart that emphasis on all of our employees. Onboarding training with respect to cash management includes walkthroughs of processing cash transactions, counting in starting tills at the beginning of the business day, counting out closing tills at the end of the business day, cash-related features of the Treez POS system, entering cash into the safe and maintaining records of all cash deposits into the safe under the supervision of a manager. We regularly do counting exercises with large quantities of cash to ensure our staff is adequately trained to handle the volume of cash we anticipate receiving. We also train our employees on how to detect counterfeit bills with the use of initial visual inspections, markers and ultraviolet lighting systems as well as how to reject counterfeit bills and deescalate negative customer reactions when their bill is not accepted. Managerial level employees who interact with cash transport officials are trained on these protocols extensively with a step-by-step walkthrough of completing a bank drop with a licensed cash transport vendor.

**Security Training Modules: Robbery and Burglary Protocols:** Burglary training provided to staff is designed to eliminate direct conflict with suspects, making various mental notes and observations while facilitating rapid suspect departure. Mental notes include descriptive features and distinguishing marks on suspect(s) including clothing, hair color, eye color, scars, tattoos, etc. Employees are trained to handle high stress situations by prioritizing staff and customer safety over money and merchandise. Employees are shown locations of silent alarms and panic buttons but are always instructed to comply with demands and alert robbers/burglars of potential escalation factors. OTC employs a no chase policy and trains staff to enforce minimum contact protocol with robbers. Robbery management training is aimed at teaching de-escalation techniques and emphasizing customer and staff safety. Staff must remain as calm as possible – refraining from spreading panic and following direction as swiftly as possible. Crime scene preservation (such as items, entryways and control systems accessed and utilized by suspects), cooperation with law enforcement, alarm system activation and maintaining confidentiality of occurrences are additional training concepts. Such protocols are in effect to protect the staff, security, and general public from harm including bodily injury or death. In addition to OTC training for security and safety, all staff completes the following courses: FEMA IS-906: Workplace Security Awareness, FEMA IS-907: Active Shooter and FEMA IS-912: Retail Security Awareness. Management also completes: FEMA IS-37.19: Managerial Safety and Health.

OTC's burglary and robbery protocols focus on protecting assets, preventing unauthorized entry, and deterring crime from the outset. All OTC employees are trained on how to both deter these crimes and how to respond during the commission of these crimes in order to maximize safety.

OTC employs the following measures in order to prevent burglaries and robberies:

- **Give every customer entering the business a friendly greeting:** Look customers directly in the eyes. A robber does not want to be identified and such contact may spoil it for would-be robbers.
- **Require employees to ask for the ID of workers, repair people, guards, police officers, etc. before permitting entry to secured areas:** This prevents unauthorized entry and reduces likelihood a crime occurs.
- **The display counters are cleaned regularly to remove fingerprints:** This increases possibilities that a robber may leave a readable print. To that end, oil or wax based cleaners are not used.