Exhibit B

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COMMERCIAL CANNABIS USE PERMIT APPLICATION

PROJECT: PLN170284

APN: 137-121-020-000

Property Owner Acknowledgment of Use of Property

Tony or Lina Luiz
Property Owner Name

("Owner"). Owner is the current owner of the property located at:

745 and 755 SAN JUAN ROAD ROYAL OAKS CALIFORNIA 95076
Address

In Monterey County ("Property"). Owner consents to the use of Property for a commercial cannabis business by:

Coasta Bella LLC.
Ray Shott, Managing Member
Applicant/Lessee Name

("Applicant").

Owner further acknowledges and consents to applications to the County of Monterey and the State of California by Applicant for licenses and permits related to the proposed use.

The undersigned is the authorized signer for Owner.

Signature _____ Date 5/31/18

TONY LUIZ
Property Owner Name

State of California)
County of Monterey)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

On May 31, 2018, before me, T. Menge, Notary Public, personally appeared Tony Luiz who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

T. MENGE
COMM. # 2071782
NOTARY PUBLIC - CALIFORNIA
SANTA CRUZ COUNTY
COMM. EXPIRES JULY 8, 2018

T Menge
Notary Public

RESPONSIBLE PARTIES

21.67.100
B. The name and address of all persons and entities responsible for the operation of the commercial cannabis activity, including managers, corporate officers, any individual with an ownership interest, any member of a board of directors, any general or limited partner, and/or any member of a decision-making body for the commercial cannabis activity.

Representative
Coasta Bella, LLC
Name: Ray Shott
Address: 2540 San Juan Rd #B
Hollister, CA, 95023
Title: Manager

Property Owner
Name: Tony Luiz
Address: 755 San Juan Rd,
Royal Oaks, CA, 95076

21.67.100
D(1) Onsite Security Measures

TABLE OF CONTENTS

SECURITY PLAN

This is the written Security Plan for the property located at 755 San Juan Rd. Royal Oaks, CA 95076. This plan addresses the application requirements for 21.67.100 D(1) of the Monterey County code.

PHYSICAL SECURITY

The security at our facility will be designed to reduce the likelihood of security breaches and trigger an immediate response in the event of a breach. In addition, it will be designed to control access to the areas where cannabis is present, limiting access to authorized and properly identified personnel.

Location and Structure Specifications

The physical address of the property is 755-A San Juan Rd Pajaro, CA 95076. The APN for the property is 117-401-020-000 and it is located in the Farmland zone (“F”).

As displayed on our site plans, there is one greenhouse which is 18,628 sq ft. A portion of the greenhouse is located on a neighboring APN.

Guards

Once the facility is operational we will employ a licensed security service to provide security guards. All security personnel will be thoroughly screened, trained, and strictly supervised by the licensed security service; to ensure they are of the highest capability.

Security personnel will perform and keep records of having performed routine regular inspections of all security systems, barriers, gates, doors, and locks, immediately reporting any malfunctioning or compromised security feature to the management team. Any incidents qualifying as irregular or suspicious will be handled immediately and documented appropriately.

Perimeter Security

Perimeter fencing will be installed to secure the property and prevent unauthorized intrusion. The entire facility will have a chain link privacy fence and barbed wire at the top. The barbed wire will be connected by posts which are pointed away from the property. The security of the perimeter fencing will be checked by guards daily.

During non-operational hours, all entryways and exits will be locked and closed by our gates to prevent access; in addition we will have on-site security 24 hours per day.

Access Conditions for Staff and Non-Staff Business Associates

After being cleared by security at the entrance, all staff and business associates will park in the common parking spots that are displayed on our parking plan. All staff will need keys to access the butler building, including restricted areas within the facility.

- Staff here refers to the following: a principal officer, board member, employee, or volunteer. Non-staff business associates are all those, such as vendors and contractors who do business with our Company but are not our staff. To access restricted areas of any part of the facility, non-staff business associates will need to be admitted by security and must be accompanied by a staff member at all times.

All persons working for or doing business with us will need a company-issued permanent identification card or temporary identification tag to be able to enter restricted areas. Staff will receive these upon hire.

Once the reason for their visit is confirmed, vendors and contractors will receive temporary identification tags at the entry gate before being allowed to enter the property under staff escort.

We will require that ID cards and tags be visibly worn by all staff and non-staff at all times within the facility.

Electronic Security System

We will install a comprehensive electronic security system with video surveillance/recording capability, third-party monitoring and intrusion detection.

Video Surveillance

We will install and maintain a video surveillance system capable of capturing and maintaining surveillance recordings of activity on the premises. We will maintain surveillance recordings for a period of at least ninety (90) days. The minimum resolution for the system will be 1280 × 720 pixels. All cameras are equipped with motion detection and will have infrared technology for low light conditions; capable of identifying activity at night or in unlit rooms.

Electrical backup will be provided by an Uninterrupted Power Supply Unit sufficient to supply backup power to our cameras and computers. A failure notification system will provide both audible and visible notifications if there is any failure in the electronic monitoring system.

Alarm System

We shall install, maintain, and use a professionally monitored alarm system for the distribution premises as required by State law. This system will be monitored by a third party and the monitoring company will call management as soon as a breach has been detected. If management cannot be reached, the monitoring company will contact local law enforcement.

Alarm Testing

A test signal will be transmitted to the central station every twenty-four (24) hours. This will ensure the signal is constantly in working order. Finally, the system shall be inspected and all devices tested annually.

Maintenance and Testing

All security-related systems will be routinely inspected to ensure that they are functioning properly. This includes:

- Video surveillance equipment
- Alarm systems
- Electrical connections
- Information storage and backup systems
- Electrical backup systems

The Security Agent will be responsible for ensuring that such inspections take place at reasonable intervals. We will promptly implement all necessary repairs to ensure continuous proper functioning of the security system.

Policies and Procedures for Facility Security

Incident Management and Emergency Response

We understand that smooth operations require well-laid contingency plans and a staff well-trained in their execution. Under the leadership of our Security Agent and with input from appropriate local agencies and enforcement authorities, we will develop a comprehensive Emergency Response Plan.

The Emergency Response Plan will include contingencies for non-security related emergencies such as medical emergencies, fires, explosions, chemical release, and weather-related disasters to ensure an appropriate and orderly response. This will prevent non-security related emergencies from becoming aggravated security emergencies as well. Emergency procedures and emergency contact numbers will be provided in writing to all employees and posted prominently in all areas of the facility.

We will also develop a comprehensive set of guidelines for dealing with security threats. All staff will learn and be drilled in these procedures to ensure they are adequately prepared for emergencies. Preparedness means all staff members:

- Know how to assess emerging situations to determine the type and level of threat they may pose;
- Know how to respond to different kinds of security threats;

If a security breach is found to constitute an actual emergency, authorities will be notified as required. We will then follow the emergency response procedures in cooperation with local law enforcement authorities for smoothly bringing the situation under their control.

Procedures will be revised and updated as necessary. They will be reviewed at least once every twelve months. We will invite local law enforcement to offer their input on up-to-date security threat analysis and contingency planning.

Preventing Theft & Non-Diversion

To prevent diversion of cannabis we will take the following measures:

- Any personnel that commits theft or diversion will result in their immediate termination.
- Video surveillance will be present onsite and positioned in a way to comply with 7.90.100(A)(14)
- Cannabis that has been processed and awaiting sale will be stored in a secured room that has limited access.
- Only authorized individuals, whose information is recorded, will be allowed on the premises thereby reducing the threat of theft or diversion of cannabis.
- At the time of each purchase, we will verify the status of the State license to ensure it is active and valid.
- All cannabis activity will be entered into the METRC tracking system that follows every plant from seedling to sale to prevent shrinkage within the cultivation facility. Each plant has a barcode and if it is missing we will know that a serial number is unaccounted for;

Since regular inventory and supply chain tracking is crucial to preventing diversion, inventory will be maintained daily by a Track & Trace employee to verify the accuracy of our computerized inventory management system using METRC.

We believe that by having strict guidelines aimed at preventing diversion, and creating an inventory tracking system that allows us to follow each plant from seedling to sale, we will be able to create a closed loop system and effectively mitigate risks of theft and diversion.

Preventing On-Site Consumption

We shall not permit the consumption of cannabis within the premises in any form. Any cannabis or cannabis paraphernalia that shows evidence of the cannabis having been consumed or partially consumed will be reported to the County and/or Sheriff Department. We will routinely monitor surveillance to prevent the use of cannabis on the registered premises.

Incident Log

We will maintain an incident log with reports of incidents that triggered an alarm. Such reports shall be made available to the County during any inspection of the facility. We will notify the Cannabis Program and Sheriff Department by electronic means within twenty-four (24) hours of any incident in which a theft, burglary, robbery, or break in occurred, whether or not items were actually removed from the facility. Our facility manager shall follow up the initial notice with a written report describing in detail the factual circumstances surrounding the incident and include an inventory of all stolen items, if applicable. The incident log will be kept in a safe and secure filing cabinet as well as on Google Drive for a Digital Copy.

Suspicious Activity and Loitering

Staff will be trained to identify and respond appropriately to all levels of suspicious activity. Loitering will not be tolerated. Any person who is not working for the company or listed as a registered visitor for the day will be asked to leave. No one will enter the property without being verified to enter and checked in by security at the entrance.

OPERATIONS SECURITY

Making sure that our routine operations follow secure procedures is as important as physically securing each facility and having emergency response procedures in place. Consistent, proactive operational security policies and procedures greatly reduce the likelihood that emergencies will arise.

Workforce Security

Background Checks

We will perform background checks on all employees, volunteers, principals, directors, and board members. Copies of any public records obtained through the background check process will be provided to the individual concerned. To ensure transparency, the entire background checking process will be conducted by a third-party.

We will not employ anyone who does not pass a background check according to section 7.90.100(A.19) of the County Code.

Training and Drills

Security and emergency response training is only part of the comprehensive training required for all employees. Training will also cover:

- Cannabis laws and regulations,
- Procedures for plant maintenance,
- Procedures for product inventory management, and
- Personal safety, fire safety, and crime prevention.

All staff will also go through periodic refresher seminars, as well as new training on any policy updates or changes in procedure. All emergency procedures will be rehearsed in periodic drills.

In addition to training and periodic drills, all employees will receive official Company reference material, written in plain English (Spanish versions will also be available) and presented in an easy-to-use outline format, explaining all our operational, safety, and security policies and protocols.

We will also work with local police to develop effective ongoing employee training seminars and practices. Especially in developing our policies and training procedures on crime prevention and security threat response, we will seek the involvement of local law enforcement.

Personnel Records

We will maintain personnel records for each employee, agent, or volunteer that includes:

- Application,
- Documentation of all required training,
- A signed statement from the individual indicating the date, time, and place that he or she received training and the topics discussed, including the name and title of the presenters, and
- Records of any disciplinary action taken against employees at any time during employment.

These personnel records will be maintained for a period of at least six months past the end of the individual's affiliation with us.

Inventory and Cash Security

Limited Cash Operation

Cash payments will be directly deposited into a safe, keeping the cash located at one place in the facility. Access to the safe room will be limited to authorized personnel only. The cash will then be transported off site to limit the amount of money physically present. Cannabis banking has become much more prevalent than previous years, this operation will obtain a bank account to prevent large sums of cash from being present at the property.

Sale

The inventory tracking and control system associates every product sold with a single transaction, a single employee, and a single purchasing agent. All records of sales will be placed into our track and trace system, METRC.

Storage

All harvested cannabis will be stored in a limited access area inside of the processing building. This area will remain locked so only authorized personnel can access at any given time.

Inventory will be removed from the storage only for the purpose of immediate transport for sale. Transportation will be completed by a licensed distributor.

Visibility

Cannabis or paraphernalia will not be visible from any public or other property not owned by us.

Disposal of Cannabis

We intend to dispose of unwanted cannabis and its by-products by throwing it away into Waste Management receptacles which will remain secured on-site.

We shall report any stolen or lost cannabis by filing a police report with the Sheriff's Department, either in person or in writing immediately upon becoming aware of the theft or loss.

Record Keeping

We will keep meticulous records related to all activity involving cannabis onsite. Transport agents will carry with them a shipping manifest during transport of cannabis. All inventory control records such as harvest, waste, inventory transfer, transport, and delivery will be kept for seven years and made available to the County and authorities on request.

Information Systems Security

Securing Data

Our data and information are as valuable as our products. We will take special measures to protect our information systems and keep our data secure. These measures are:

- Using virus protection, spam-filtering, and firewalls
- Keeping software and OS updated
- Using passwords and changing them frequently
- Using secure wireless networks
- Restricting web browsing
- Initiating frequent and secure data backups

We will limit access to our network by using unique user passwords and by restricting IP addresses and MAC addresses to specific computers. The use of third party email, web, and data servers will be avoided. We will provide training on user security procedures.

- All data and information from our security system and from our inventory control system will be secured and encrypted and backed up automatically every night, not only to a private server on site, but also to a secure, off-site server location. Should there be an emergency, natural disaster, or criminal

breach at our facility, all data remains safe and remotely accessible on our remote backup server.

- For data backup we will be uploading all data to our cloud server on a daily basis to ensure that we do not ever lose sensitive information pertaining to the operation of the cultivation facility.

Government Accessibility to Property & Records

The operator will allow access to the property and access to records if requested by the County, its officers, or agents, and shall pay for an annual inspection and submit to inspections from the County or its officers to verify compliance with all relevant rules, regulations, and condition

The applicant, owner, and permittees agree to submit to, and pay for, inspections of the operations and relevant records or documents necessary to determine compliance with this Chapter from any enforcement officer of the County or their designee.

The applicant for the cultivation and the owner shall indemnify, defend, and hold the County harmless from any and all claims and proceedings relating to the approval of the permit or relating to any damage to property or persons stemming from the commercial cannabis activity.

The owner shall be responsible for ensuring that all commercial cannabis activities at the site operate in good standing with all permits and licenses required by the Monterey County Code and state law.

The cultivation activities shall be maintained in accordance with the operating plans as approved by the County.

COASTA BELLA LLC

CULTIVATION PROCEDURES

TABLE OF CONTENTS

CANNABIS CULTIVATION

Cultivation Process

We plan to streamline the plant production process so that it is entirely self-sustained and does not rely on bringing in outside plant matter. Our vision is to leverage the power of the sun while also utilizing artificial lighting to maximize our production and also minimizing the amount of power consumption grow lights use.

All of the plant material needs of the facility are fulfilled from existing plants, creating a perpetual plant production model that constantly recycles itself and begins from a single cannabis seed. By creating our own seeds, we are able to service all of our production, allowing us to avoid problems associated with bringing in outside plant matter and helping keep more jobs and production in the local community.

Production Process

The production process begins from Breeding (Seed creation) all the way to Curing (ready for Packaging). Steps covered in the *production process* include the:

- The Breeding Process
- The Cloning Process
- The Vegetation Process
- The Flowering Process

The Breeding Process

Breeding Mothers and Breeding Fathers are the source of all Production for the AB and the first step of the production process. The Breeding Mother and Father, grown large enough for mating, are arbitrarily induced into a *Photoperiod Lighting Schedule* (12 hours of light, 12 hours of darkness) in order to produce seeds. Unlike other female plants used within our facility, a Breeding Mother's purpose is to create seeds rather than Cannabis. The Breeding Mother is responsible for producing resin glands and flowers, while the Breeding Father releases pollen into the air that sticks to the resin on the Breeding Mother, resulting in offspring in the form of Cannabis Seeds. These seeds are planted to create new plants.

The Cloning Process

We intend to produce plants from seed rather than cloning. Cloning is when female

plants are grown large enough under a *Vegetative Lighting Cycle* (18-24 hours of lighting) to be able to produce enough cuttings for new plants. Cuttings are areas of new growth on a mature Cloning Mother that are cut and then planted to make new plants. This Vegetative Reproduction process allows for the cutting to maintain the exact same genetic qualities as the Cloning Mother (which is why cuttings are often referred to as Clones). While the AB does not intend to use Vegetative Reproduction for creating plants, it will explore this option if necessary

The Vegetation Process

Vegetation is when small plants are grown into full size plants, under a Vegetative Lighting Cycle, so they are large enough for maximum flower production. Since a plant usually will grow an extra few inches in the Flowering Process, the optimal size for a Vegetative Plant is between 2' to 3', depending on the medicinal variety.

During the growth process, as a plant grows it is imperative that the plant is managed correctly through several techniques such as Topping, Fimming, Pruning, and Bending.

Topping

Topping involves locating the top of the plant and cutting the main stem just below the newest growth, making it a "headless" plant. The new branch will then form a "Y" shape, allowing for two new stems to grow. Whenever you cut one stem, the smaller leaves below the cut area begin to grow out new branches. So if you cut one stem it will turn it into two stems; cut those two stems, they will turn into four; and so on.

Fimming

Fimming is very similar to Topping, and involves removing the top new growth of a plant to force the hormones to expand down and outward. This causes the plant to grow more tops and flowering sites. Fimming can be done multiple times to one plant to increase the plant's yield capacity.

Pruning

Pruning is a process that is required when the plant is about 1' to 1½' tall. The lower region of the teen will be pruned of all leaves and smaller branches, promoting upward growth. This allows the plant to utilize its resources and energy toward growing its upper portion or the area that is more likely to produce flowers since it is closest to the grow light. The pruned plant matter will be sent to extractions or recycled as compost.

Bending

Bending is angling the teen toward a specific area of concentrated light that will allow maximum light penetration for the entire plant. As the teen's top branch turns toward the

light, it allows the light to illuminate other areas of the plant that are not receiving as much lighting.

The Flowering Process

Flowering is a process when adult plants begin producing cannabis flowers. Once adult plants are placed into Flowering, the lighting cycle is changed from the Vegetative Lighting Cycle to the Photoperiod Lighting Schedule, or to 12 hours of daylight and 12 hours of darkness, to induce flowering. The flowering cycle of each Strain will range typically from fifty two (52) days to seventy two (72) days.

HARVESTING CYCLES

Harvesting Cycles are representations of the day and night cycles of the sun. As with all plants, they depend on these cycles to know when the season changes from seed to harvest. Light dep greenhouse gardening gives us the ability to control what plants perceive as seasonal cycles to allow for quicker harvests. The two methods explained below are ways that we can harvest plants more frequently: by changing *Photoperiods*, and by maintaining a constant supply of inventory through *staggering harvests*.

Photoperiods

Just like all living things, plants depend on the sun's cycles to trigger different life changes. Since cannabis is an annual plant, the changing of the sun from spring to summer to fall has different hours of daylight and darkness. A cannabis plant will be signaled that it is Spring or Summer by having longer periods of daylight in a single day, so the plant thereby remains in a vegetative state. As the days get shorter, the plant is signaled that it is Autumn and the end of the season; this causes the hormones to change in the cannabis plant, producing flowers, much like any seasonal vegetable.

A photoperiod is a light cycle that replicates the sun's hours of daylight and darkness. The two-photoperiod lighting cycles we use, as discussed in the Cultivation Process, are (A) Vegetative Lighting Cycle and (B) Photoperiod Lighting Cycle.

Vegetative Lighting Cycle

A Vegetative Lighting Cycle entails 18-24 hours of light, and 0-6 hours of darkness.

Photoperiod Lighting Cycle

A Photoperiod Lighting Schedule entails 12 hours of light, and 12 hours of darkness.

To maximize the amount of harvests within a calendar year, we plan to implement these photoperiods so a plant receives the minimum amount of Vegetative and Flowering

times necessary for maximum growth and production. A plant will hit its maximum threshold and experience diminishing marginal returns if placed under a certain lighting cycle for too long. Generally, a plant should be in a Vegetative state of growth long enough to grow and produce ample flower sites, and stay in a Flowering state of growth long enough to finish its' flower production. Under this model we are able to harvest several times a year since we can manipulate photoperiods to have our plants perceive an accelerated seasonal change. We have based this assumption, as shown in the Proforma, with the ability to harvest 3 times a year.

Green Lights

To keep lighting schedules precise, we will utilize accurate automatic lighting timers to turn lights on and off. During darkness hours, it is imperative that there is complete darkness to prevent trauma to the plant or any interruption of its photoperiod cycle. This can cause a large amount of stress on the plant and confuse it. If there is an emergency and a horticulturalist needs to access the cultivation facility during darkness hours, green lights will be used, minimizing the impact on the plants. The green spectrum of light is the only spectrum that is not absorbed or recognized by the plants. Portable green LED lights will be available for personnel and also installed inside the room.

Staggering Harvests

We plan on staggering harvests so there is a steady flow of product and inventory. Since the average flowering time for the plant is 8-10 weeks depending on the medicinal variety, by having the Flowering Department divided into different sections we can strategically plan for each section to harvest with a three week offset. We elect this approach, as opposed to having all of the plants within the cultivation facility harvest at once, because then the labor and product does not volley between an overabundance during harvest and a shortage right before harvest. With staggered harvests, we can keep a constant and consistent supply chain flow.

WEIGHTS AND MEASURES

AB will maintain all weighing devices in compliance with local, state or federal law and comply with Chapter 7.60 of the Monterey County Code regarding device registration with the County.

AB will also follow the California Weights and Measures Regulatory Requirements for Medical Cannabis. This Requirements document covers the following areas:

- Scale Selection
- Scale Registration and Testing
- Service Agencies
- Packaging and Labeling Inspections
- Weighmasters

The document can be located on the MCCP (Medical Cannabis Cultivation Program) section of the CDFA website. It has also been attached for reference.

The proposed hours of operation is 6am to 8pm.

WASTE DISPOSAL INFORMATION

Coasta Bella (“CB”) will ensure all cannabis waste is disposed of in a secure waste receptacle on the property. For the purposes of this section, “secure waste receptacle” means physical access to the receptacle or area is restricted to only the licensee, employees of the licensee, the local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by the local agency. Public access to the designated receptacle or area will be strictly prohibited.

CB will work with Kristin Skromme of Monterey County Waste Management to order the appropriate sized waste receptacles once cannabis operations begin. CB will obtain and retain a copy of a receipt from MCWM evidencing subscription to a waste collection service.

CB will use the track-and-trace system to document the cannabis waste by identifying, weighing, and tracking while on the licensed premises and when disposed.

Any other waste that is not deemed cannabis waste will be disposed of in separate waste containers that will be designated for regular garbage. Recyclables will also have their own designated container, separate from cannabis waste. MCWM will be contracted for these garbage containers as well.

WATER MANAGEMENT PLAN

Water Sources

Coasta Bella will utilize an on-site well which provides 219 GPM. More information on the water being used for the site can be found in Exhibit 19.

Water Conservation Irrigation

The greenhouses on-site were traditionally used for cut flower production. These cultivation activities used overhead sprayers to water the plants. No overhead sprayers will be used to water the cannabis plants. These systems are a waste of water as they do not direct water to the growing media.

Any cultivation on-site will be using a pulse watering technique which is an improved method of spaghetti tube irrigation. Instead of watering plants once or twice a day with a large amount of water, plants are watered more frequently with small amounts of water. This allows the water to be redistributed within the pots between waterings, resulting in a more uniform water distribution within the pots. That makes it possible to thoroughly wet the growing medium without irrigation run-off.

Our pulse watering systems will be designed more carefully than regular spaghetti tubing. In regular spaghetti tube systems, it is not uncommon that tubes on one end of a bench start dripping 10-15 seconds before tubes at the other end emit water. This may not be significant if the plants are watered for several minutes. However, with pulse irrigation, plants are watered multiple times per day for short periods and the system layout is designed so that all pots receive similar amounts of water.

By using the pulse irrigation we will be able to have no water run-off because the plants will never be overwatered.

The cannabis operation will use WaterSense labeled products whenever possible. WaterSense is a U.S. Environmental Protection Agency (EPA) program designed to encourage water efficiency in the United States through the use of a special label on consumer products. It was launched in June 2006. Products with the WaterSense label have been certified to be at least 20% more efficient - without sacrificing performance.

YOUTH ACCESS RESTRICTION

All visitors will be verified before being allowed on-site. Our gate will be monitored and our personnel will ask for government identification of all visitors. Personnel will ensure that all visitors are at least 21 years of age by verifying their birthdate on the government issued identification.

Anyone that is found to be younger than 21 years old will not be granted access onto the property.

PRODUCT SUPPLY CHAIN

Where Cultivation Occurs

Please review our site map which displays where cultivation will occur.

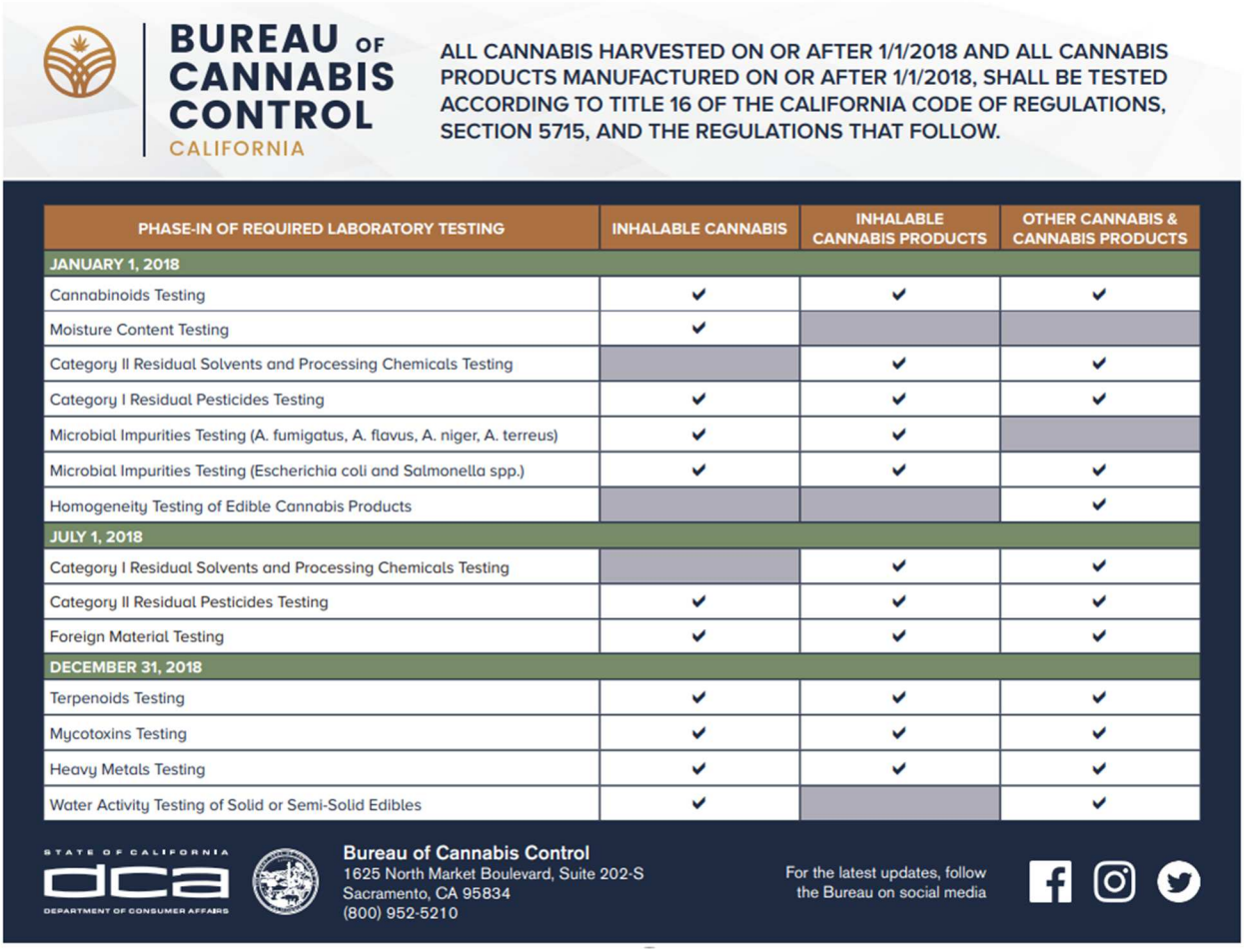
Where the Product is Processed

Please review our site map which displays where cultivation will occur.

Required Testing of Cannabis or Cannabis Products

California regulations provide that compliance testing must be completed by a licensed distribution license. Cultivators are allowed to perform R&D tests however those tests do not qualify the cannabis or cannabis products to go to market. Most of all the cannabis or cannabis products will be sold to licensed distributors who will be responsible for getting the testing lab to sample to material.

If we decide to transfer the product to our own distribution license, we will follow all testing requirements outlined in BCC regulations. Please see the chart below which provides detail on what the required testing is:



BUREAU OF CANNABIS CONTROL
CALIFORNIA

ALL CANNABIS HARVESTED ON OR AFTER 1/1/2018 AND ALL CANNABIS PRODUCTS MANUFACTURED ON OR AFTER 1/1/2018, SHALL BE TESTED ACCORDING TO TITLE 16 OF THE CALIFORNIA CODE OF REGULATIONS, SECTION 5715, AND THE REGULATIONS THAT FOLLOW.

PHASE-IN OF REQUIRED LABORATORY TESTING	INHALABLE CANNABIS	INHALABLE CANNABIS PRODUCTS	OTHER CANNABIS & CANNABIS PRODUCTS
JANUARY 1, 2018			
Cannabinoids Testing	✔	✔	✔
Moisture Content Testing	✔		
Category II Residual Solvents and Processing Chemicals Testing		✔	✔
Category I Residual Pesticides Testing	✔	✔	✔
Microbial Impurities Testing (A. fumigatus, A. flavus, A. niger, A. terreus)	✔	✔	
Microbial Impurities Testing (Escherichia coli and Salmonella spp.)	✔	✔	✔
Homogeneity Testing of Edible Cannabis Products			✔
JULY 1, 2018			
Category I Residual Solvents and Processing Chemicals Testing		✔	✔
Category II Residual Pesticides Testing	✔	✔	✔
Foreign Material Testing	✔	✔	✔
DECEMBER 31, 2018			
Terpenoids Testing	✔	✔	✔
Mycotoxins Testing	✔	✔	✔
Heavy Metals Testing	✔	✔	✔
Water Activity Testing of Solid or Semi-Solid Edibles	✔		✔

STATE OF CALIFORNIA dca DEPARTMENT OF CONSUMER AFFAIRS

Bureau of Cannabis Control
1625 North Market Boulevard, Suite 202-S
Sacramento, CA 95834
(800) 952-5210

For the latest updates, follow the Bureau on social media

Transportation

Cannabis can only be transported by licensed distributors or transport only companies. If selling product to a licensed distributor we will ensure the product is transported compliantly. One of two things will happen, either the distributor will come pick up the product from our facility or we will transport it ourselves with our distribution license.

All transportation will be recorded via shipping manifests which will list:

- Name, license number, and premises address for:
    - The licensee who possesses the cannabis goods
    - The licensee transporting the cannabis goods
    - The licensee receiving the cannabis goods
- Name and license number of any licensee involved in the activity or transaction who is not shipping, transporting, or receiving the cannabis goods
- Date and time of activity
- Date and time of departure from first premises, and estimated time of departure for subsequent premises if cannabis goods are being shipped from multiple premises in one transport vehicle
- Estimated date and time of arrival at each receiving premises
- Driver license number for any person driving the transport vehicle
- Make, model, and license plate number of transport vehicle
- Name and type of cannabis goods to be transported

The shipping manifest will be completed by the distributor and transmitted in the track and trace system to the Bureau and receiving licensee.

If the distributor has not yet obtained access to the track and trace system, the licensee will transmit the shipping manifest to the Bureau and receiving licensee by electronic mail.

Shipping manifests will be sent to the Bureau at bcc@dca.ca.gov.

If the receiving licensee has not yet obtained access to the track and trace system, the distributor shall transmit the shipping manifest to the receiving licensee by electronic mail.

A physical copy of the shipping manifest must be carried in the transport vehicle at all times while transporting cannabis goods. The shipping manifest must be provided to law enforcement and Department of Consumer Affairs agents upon request.

Upon receipt, the receiving licensee shall ensure the cannabis goods received are as described in the shipping manifest and accept the cannabis goods in the track and trace system. If there is a discrepancy between the cannabis goods received and the shipping manifest, the receiving licensee shall document the discrepancy in the track and trace system and any other relevant business record.

Packaging & Labeling Criteria

All packaging & labeling of cannabis and cannabis products will follow all CDPH regulations. CDPH is responsible for establishing statewide standards for packaging and labeling of cannabis and cannabis products. In addition to CDPH regulations, The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) includes basic requirements for how cannabis and cannabis products must be packaged before sale.

The specific criteria we will follow is outlined on the following pages. These are documents provided directly from CDPH which include packaging checklists, labeling checklists for cannabis (for flower and flower-only pre-rolls) and labeling checklists for cannabis products (for manufactured cannabis products such as edibles, concentrates, and topicals).

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PACKAGING REQUIREMENTS

CANNABIS AND CANNABIS PRODUCTS

The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) includes basic requirements for how cannabis and cannabis products must be packaged before sale. These guidelines apply to all cannabis flower, pre-rolls and manufactured cannabis products sold within California.

PACKAGING CHECKLIST

- ☐ **Tamper Evident** – A consumer knows if the package has been opened.
  Example: a plastic seal, a sticker across the lid that is ripped when opened, a jar with a lid that pops up after opening, etc.
- ☐ **Child Resistant** – The package is designed to be difficult for children under five years of age to open. See below for more information about what qualifies as child resistant.
- ☐ **Resealable** (*for products with multiple uses*) – The package can be closed after each use.
  Example: a lid, adhesive closure, box top closure, etc.
- ☐ **Opaque** (*for edibles only*)* – The package is not transparent; consumers cannot see the product through the packaging.
  **Amber-colored bottles are considered opaque.*
  **Opaque bottles used for beverages may use a single, vertical, clear strip less than 0.25" wide to indicate serving sizes.*

DOs

- Cannabis flower may be packaged by a cultivator, manufacturer or distributor. Manufactured cannabis products must be packaged and labeled by the manufacturer prior to transfer to a distributor as finished products.
- Protect products from contamination and exposure to any toxic or harmful substances
- If a product has multiple layers of packaging, the packaging requirements can be fulfilled using any one of those layers.

DON'Ts

- Cannot imitate packaging used for products typically marketed to children
- Cannot imitate packaging used for non-cannabis food products

CHILD-RESISTANT PACKAGING (CRP)

State law requires all cannabis and cannabis products to be in child-resistant packaging. Until December 31, 2019, a child-resistant exit package, used by a retailer at the time of sale, may be used to fulfill the CRP requirement. Beginning January 1, 2020, every individual product must be in a child-resistant package.

What qualifies as child-resistant packaging?

- Packages that have been certified as child-resistant, in accordance with the federal Poison Prevention Packaging Act (PPPA, 16 CFR §1700.1)
- A bottle sealed with a pry-off metal crown bottle cap
- Plastic packaging that is at least 4 mils. thick and heat-sealed without an easy-open tab, dimple, corner or flap

Types of CRP:

- **Single Use** ("Initial CRP") – the package is initially child-resistant, but once opened, it is no longer child-resistant. If used, the package's label must say "This package is not child-resistant after opening."
- **Multiple Use** ("Lifetime CRP") – the package maintains its child-resistance throughout the life of the package. It can be opened and closed, but still remains child-resistant.

WHAT REQUIRES INITIAL CRP?

- Flower and flower-only pre-rolls
- Inhaled concentrates (infused pre-rolls, vape cartridges, shatter, wax, etc.)
- Topicals
- Single-serving cannabis products

WHAT REQUIRES LIFETIME CRP?

- Edibles
- Orally-consumed concentrates (tinctures, capsules, etc.)
- Suppositories

NOTE: A package containing multiple servings is not required to be in lifetime CRP if each individual serving is in child-resistant packaging.

LABELING REQUIREMENTS

FLOWER AND FLOWER-ONLY PRE-ROLLS

Cannabis must be properly labeled to ensure consumers are informed about what they are purchasing and to prevent unintended use. These guidelines apply to all cannabis flower and flower-only pre-rolls sold within California.

PRIMARY PANEL — the part of the label displayed to consumers at retail; typically the front or top of the package

- ☐ **Product Identity** — A generic or common name that describes the item. Examples include flower or pre-roll.
- ☐ **Net weight —** list weight in both metric and U.S. customary units (Example: NET WT. 4.0 oz. (113.4 g))
- ☐ **Universal Symbol** (in black, at least 0.5" X 0.5") — The California symbol that identifies cannabis and cannabis products. The symbol can be downloaded at www.cdph.ca.gov/mcsb.

INFORMATIONAL PANEL – any part of the label that is not the primary panel

- ☐ **UID number —** The unique tracking number issued through the Track-and-Trace system
  Note: *This requirement will begin when you receive your Track-and-Trace login. Do not create a placeholder UID number.*
- ☐ **Licensee name and phone number or website —** The licensee name can be either the name of the licensed cultivator *or* licensee packaging the product and must be a name listed on the license certificate (either the legal business name or the registered DBA)
- ☐ **Date of packaging for retail sale —** Include month, day and year
- ☐ **Government warning statement** (*in capital and bold letters*)

OTHER LABELING – may be on either the primary or informational panel

- ☐ **Cannabinoid content** *(in percentage)*

DOs

- Display information clearly and legibly
- Use English and at least 6 point font
- Make sure all labeling information is displayed on the outer layer of packaging
- Additional product information may be added as long as it is truthful and not misleading

FIND MORE HELP ONLINE

Visit the CDPH website for more information on the packaging and labeling requirements: www.cdph.ca.gov/mcsb

DON'Ts (§40410)

- **California county names** — Unless 100% of cannabis in the product is grown in the county, the name of a California county cannot be included on the label.
- **Cannot be attractive to children** — This includes using cartoons, images popularly used to advertise to children, imitating candy labeling, and using the words "candy," "candies" or a play on words such as "kandy" or "kandeez" anywhere on the label.
- **Cannot include false or misleading information** — This includes anything untrue or unproven, or information that leads consumers to have an inaccurate impression, or the use of the word "organic" anywhere on the label.
- **Cannot make unproven health claims** — Health-related statements, such as claims about a product's ability to treat or cure disease, may not be made unless there is significant scientific agreement and the claims are supported by a totality of publicly-available peer-reviewed evidence. Anecdotal information and preliminary study results do not meet this criteria.
  Note: *Health-related statements are heavily regulated by the FDA, and cannabis businesses are not exempt from federal prosecution for misleading health statements.*

ADDITIONAL REQUIREMENTS

Prop 65 Warning (if applicable) – Proposition 65 requires businesses to provide a clear and reasonable warning before knowingly and intentionally exposing anyone to chemicals that are known to the state to cause cancer or birth defects or other reproductive harm. For more information on Prop 65 and applicable requirements, visit https://oehha.ca.gov/proposition-65.

Note: *If cannabis extract or other concentrates are added to the flower or pre-rolls, it is a manufactured product and must follow all CDPH requirements for manufactured cannabis products.*

LABELING REQUIREMENTS

MANUFACTURED CANNABIS PRODUCTS

Cannabis products must be properly labeled to ensure consumers are informed about what they are purchasing and to prevent unintended use. These guidelines apply to manufactured cannabis.

LABELING PLACEMENT

Where does the required labeling go?

Most of the required labeling must be placed on the outer layer of packaging. The outer labeling requirements are divided into two categories, based on the part of the package where it belongs.

- **Primary Panel** – the part of the label most likely to be displayed to the consumer at retail; typically the front or top of the package
- **Informational Panel** – any other part of the label that is not the primary panel

If the product has multiple layers of packaging, you must also include basic labeling on the inner container that holds the cannabis product:

- Inhaled cannabis products (vape cartridges, shatter, wax, etc.) – must include the universal symbol
- Non-inhaled cannabis products (edibles, tinctures, topicals, etc.) – must include the product identity, universal symbol and net weight or volume. Edible products must also include the words "Cannabis-Infused."

What if my package is small and I can't fit all of the required information on the outer layer?

You can use a supplemental label to include some of the required information. Examples include, hang-tags, peel-back labels, and inserts.

Note: *QR codes, websites and other methods that separate the information from the product are not acceptable types of supplemental labeling.*

DOs

- Display information clearly and legibly
- Use English and at least 6 point font
- Ensure all required labeling is displayed on the outer layer of packaging

FIND MORE HELP ONLINE

Visit the CDPH website for more information on the packaging and labeling requirements: www.cdph.ca.gov/mcsb

DON'Ts (§40410)

- **California county names** — Unless 100% of cannabis in the product is grown in the county, the name of a California county cannot be included on the label.
- **Cannot be attractive to children** — This includes using cartoons, images popularly used to advertise to children, imitating candy labeling, and using the words "candy," "candies" or a variation, such as "kandy" or "kandeez" anywhere on the label.
- **Cannot include false or misleading information** — This includes anything untrue or unproven, or information that leads consumers to have an inaccurate impression, or the use of the word "organic" anywhere on the label.
- **Cannot make unproven health claims** — Health-related statements, such as claims about a product's ability to treat or cure disease, may not be made unless there is significant scientific agreement and the claims are supported by a totality of publicly-available peer-reviewed evidence. Anecdotal information and preliminary study results do not meet this criteria.
  Note: Health-related statements are heavily regulated by the FDA, and cannabis businesses are not exempt from federal prosecution for misleading health statements.
- **Cannot include a picture of the product** *(for edible cannabis products only)* — State law required edibles to be in opaque packaging to reduce the risk that a child would be attracted to the product. Photographs or other images of the product cannot be on the label for the same reason.
- **Cannot market the product as an alcoholic beverage** — More information on this label restriction can be found in the Bureau of Cannabis Control regulations §5041.1.

LABELING REQUIREMENTS

MANUFACTURED CANNABIS PRODUCTS

LABELING CHECKLIST (FOR OUTER LAYER OF PACKAGING)

PRIMARY PANEL — the part of the label displayed to consumers at retail; typically the front or top of the package

- ☐ **Product identity** — A generic or common name that describes the product. Examples include chocolate, fruit chew, vape cartridge, lotion, tincture, etc.
- ☐ **Universal symbol** *(in black, at least 0.5" x 0.5")* — The California symbol that identifies items as containing cannabis. Download the symbol at www.cdph.ca.gov/mcsb.
- ☐ **Net weight or volume** *(in both metric and U.S. customary units)* — The weight or volume of the contents of the package.

Edible cannabis product labels must also include:

- ☐ **"Cannabis-Infused"**— These words must be listed above the product identity, in a bold font and larger text size than the one used for the product identity.

INFORMATIONAL PANEL – any part of the label that is not the primary panel

- ☐ **Manufacturer name and contact information*** — Must be a name listed on the license certificate (either the legal business name or the registered DBA), and their phone number or website
- ☐ **Date of manufacture/packaging*** — One date may be used. Include month, day and year. (Example: MFG/PKG:02/23/19)
- ☐ **Government warning statement for cannabis products*** *(capital letters and bold font)*
- ☐ **UID number** — The unique tracking number issued through Track-and-Trace
  Note: *This requirement will begin when you receive your Track-and-Trace login. Do not create a placeholder UID number.*
- ☐ **Batch or lot number**
- ☐ **Instructions for use and any preparation needed*** — For example, the method of consumption or application
- ☐ **List of all ingredients*** *(in descending order by weight or volume)* — Include sub-ingredients, if any
- ☐ **Allergens*** *(if applicable)* — The word "Contains," followed by a list of any major food allergen in the product. The major food allergens are milk, egg, tree nuts, wheat, peanuts, soybeans, fish or crustacean shellfish. Use the specific food name when disclosing allergens (i.e. "almonds" instead of "tree nuts").
- ☐ **Artificial food colorings*** *(if applicable)*
- ☐ **Expiration, use-by or best-by date*** *(if applicable)*
- ☐ **"KEEP REFRIGERATED" or "REFRIGERATE AFTER OPENING"*** *(if perishable after opening)*
- ☐ **"FOR MEDICAL USE ONLY"*** *(if applicable)* — Manufacturers must include these words on the label if the product contains a THC concentration that can only be sold in the medicinal market.

Edible product labels must also include:

- ☐ **Sodium, sugar, carbohydrates, and total fat per serving*** *(in milligrams or grams)*

OTHER LABELING – may be on either the primary or informational panel

- ☐ **Cannabinoid content** *(in milligrams)* – Cannabinoid content may be added to the label by the manufacturer before testing or on the distribution premises after testing.
  - THC and CBD per package *(for all manufactured products)*
  - THC and CBD per serving *(for edibles and concentrates with designated serving sizes)*
  - Any other cannabinoid that makes up 5% or more of the total cannabinoid content *(if labeled after testing)*

* *Indicates labeling information that may be placed on a supplemental label*

ADDITIONAL REQUIREMENTS

Prop 65 Warning *(if applicable)* – Proposition 65 requires businesses to provide a clear and reasonable warning before knowingly and intentionally exposing anyone to chemicals that are known to the state to cause cancer or birth defects or other reproductive harm. For more information on Prop 65 and applicable requirements, visit https://oehha.ca.gov/proposition-65.

CRV Recycling *(for beverages, if applicable)* – Beverage manufacturers are responsible for labeling qualifying beverage containers with recycling information. For more information, visit https://www.calrecycle.ca.gov/bevcontainer.

RECORD KEEPING POLICY

The cannabis operation will maintain all the following records either electronically or otherwise on the licensed premises, including but not limited to:

1. All permits, licenses, and other authorizations to conduct the licensee's commercial cannabis activity;
2. All supporting documentation for data or information entered into the track-and-trace system;
3. All UIDs assigned to product in inventory and all unassigned UIDs. UIDs associated with product that has been retired from the track-and-trace system must be retained for six (6) months after the date the tags were retired;
4. Financial records related to the licensed commercial cannabis activity, including but not limited to contracts, purchase orders, sales invoices, and sales receipts;
5. Personnel records, including each employee's full name, social security number or individual taxpayer identification number, date of beginning employment, and, if applicable, the date of termination of employment;
6. Records related to employee training for the track-and-trace system or other requirements of this chapter. Records shall include, but are not limited to, the date(s) training occurred, description of the training provided, and the names of the employees that received the training;
7. Contracts with other state licensed cannabis businesses;
8. Records associated with composting or disposal of cannabis waste;
9. Documentation associated with loss of access to the track-and-trace system;

All required records shall be prepared and retained in accordance with the following conditions:

1. Records shall be legible; and
2. Records shall be stored in a secured area where the records are protected from debris, moisture, contamination, hazardous waste, fire, and theft.

TRACK & TRACE MEASURES

California has selected METRC as the state's track-and-trace system used to track commercial cannabis activity and movement across the distribution chain ("seed-to-sale"). CB will ensure that any cannabis operations on the property use METRC ("the track-and-trace system") for recording all applicable commercial cannabis activities.

The cannabis operation will identify an owner in the licensee's organization to be the licensee's track-and-trace system account manager. The licensee's designated track-and-trace system account manager will be responsible for all the following:

1. Complete track-and-trace system training provided by METRC.
2. Designate track-and-trace system users, as needed, and require the users to be trained in the proper and lawful use of the track-and-trace system before the users are permitted to access the track-and-trace system;
3. Maintain an accurate and complete list of all track-and-trace system users and update the list immediately when changes occur;
4. Within three (3) calendar days, cancel the access rights of any track-and-trace user from the licensee's track-and-trace system account if that individual is no longer authorized to use the licensee's track-and-trace system account;
5. Correct any data that is entered into the track-and-trace system in error within three (3) calendar days of discovery of the error; and
6. Notify the department immediately for any loss of access that exceeds three (3) calendar days.

If the cannabis operation loses access to the track-and-trace system for any reason, the licensee will prepare and maintain comprehensive records detailing all required inventory tracking activities conducted during the loss of access.

1. Once access to the track-and-trace system is restored, all inventory tracking activities that occurred during the loss of access will be entered into the track-and-trace system within three (3) calendar days.
2. A licensee will document the date and time when access to the track-and-trace system was lost, when it was restored, and the cause for each loss of access.
3. A licensee will not transfer cannabis or non manufactured cannabis products to a distributor until such time as access to the system is restored and all information is recorded into the track-and-trace system.

Unique Identifiers (UID)

The cannabis operation will only use UIDs provisioned and distributed by the CDFA or the department's designee. The licensee will maintain a sufficient supply of UIDs in

inventory to support tagging in accordance with this section. All cannabis will be entered into the track-and-trace system by the licensee starting with seed, cannabis which has been propagated onsite or purchased from a licensed nursery, or seedling purchased from a licensed nursery.

The UID will accompany the cannabis products through all phases of the growing cycle, as follows:

1. Licensees with immature plants will assign a UID to each established lot respectively. The lot UID will be placed in a position so it is visible and within clear view of an individual standing next to the immature lot to which the UID was assigned, and all UIDs will be kept free from dirt and debris. Each lot of immature plants will be uniform in strain or cultivar and will not have more than one hundred (100) immature plants at any one time. All immature plants in a lot will be labeled with the corresponding UID number assigned to the lot and will be contiguous to one another to facilitate identification by the department.
2. Each immature plant intended for retail sale will have a UID affixed, or be labeled with the corresponding UID number of the lot, and be recorded in the track-and-trace system prior to transfer from the licensed nursery.
3. The licensee will apply a UID to all individual plants at the time any plant is moved to the designated canopy area or when an individual plant begins flowering.
4. UIDs are required for each mature plant. UIDs will be attached to the main stem, at the base of each plant. The UID will be attached to the plant using a tamper evident strap or zip tie and placed in a position so it is visible and within clear view of an individual standing next to the mature plant to which the UID was assigned and UIDs will be kept free from dirt and debris. Licensees are prohibited from removing the UID from the mature plant to which it was attached and assigned until the plant is harvested, destroyed, or disposed.

Each harvest batch will be assigned a unique harvest batch name which will be associated with all UIDs for each individual plant, or portion thereof, contained in the harvest batch.

UIDs are required for all cannabis and nonmanufactured cannabis products and will be associated with the corresponding harvest batch name from which the cannabis and nonmanufactured cannabis products were derived.

Upon destruction or disposal of any cannabis or nonmanufactured cannabis products, the applicable UIDs will be retired in the track-and-trace system by the licensee within three (3) calendar days of the destruction or disposal and be performed in accordance with the licensee’s approved cannabis waste management plan.

Track & Trace Reporting

The track-and-trace account manager or users will report in the track-and- trace system any and all transfers of cannabis or nonmanufactured cannabis products to another licensee prior to the movement of the cannabis or nonmanufactured cannabis products off the licensed premises.

The track-and-trace account manager or users will report in the track-and-trace system any and all cannabis or nonmanufactured cannabis products physically received or rejected from another licensee within twenty-four (24) hours of receipt or rejection of the products.

The track-and-trace account manager or users will report in the track-and-trace system information related to the disposition of cannabis and nonmanufactured cannabis products, as applicable, on the licensed premises. All applicable information for each event listed below will be reported in the track-and-trace system within three (3) calendar days of the applicable event.

(1) Creating a planting of an immature plant lot;

(2) Moving immature plants to a designated canopy area, or when an individual plant begins flowering, or when applying a UID to an immature plant, in accordance with section 8403(b)(3) of this chapter;

(3) Destruction or disposal of an immature or mature plant;

(4) Harvest of a mature plant, or portion thereof. The following information must be reported into the track-and-trace system for each harvested plant, or portion thereof, or harvest batch:

(A) The wet weight of each harvested plant, or portion thereof, which must be obtained by the licensee immediately after harvest of the plant, or portion thereof;

(B) The net weight of each harvest batch

(C) The weight of cannabis waste associated with each harvest batch;

(D) The unique name of the harvest batch and the initiating date of the harvest. For the purposes of this section, the initiating date of the harvest is the month, day, and year the first mature cannabis plant(s) in the harvest batch were cut, picked, or removed from the soil or other growing media. The initiating date of the harvest will be recorded using the MM/DD/YYYY format. For example, January 1, 2018 would be recorded as 01/01/2018.

(5) Packaging.

The account manager or user will report information in the track-and-trace system for each transfer of cannabis or nonmanufactured cannabis products to, or cannabis or nonmanufactured cannabis products received from, another licensee. Required information to be entered includes, but is not limited to:

(6) Name, business address, and department or other licensing authority issued license number of the seller;

(7) Name, business address, and department or other licensing authority issued license number of the purchaser;

(8) Name and department issued license number of the distributor;

(9) Date of sale, transfer, or receipt (month, day, and year) of cannabis or nonmanufactured cannabis products;

(10) Weight or count of individual units of cannabis or nonmanufactured cannabis products sold, transferred, or received;

(A) Weight. For the purposes of this section a licensee must use wet weight or net weight. Wet weight and net weight will be determined following weighing device requirements pursuant to section 8213 of this chapter and measured, recorded, and reported in U.S. customary units (e.g., ounce or pound) or International System of Units (e.g., kilograms, grams, or milligrams).

(B) Count. For the purposes of this section, “count” means the numerical count of the individual plants or units.

(11) Estimated departure and arrival time;

(12) Actual departure time;

(13) Description for each item, including strain or cultivar, and all of the applicable information below:

(A) Plant;

(B) Flower;

(C) Leaf;

(D) Shake;

(E) Kief; and

(F) Pre-rolls.

(14) UID(s).

Track & Trace Inventory Activities

The cannabis operation will use the track-and-trace system for all inventory tracking activities at a licensed premises, including, but not limited to, all of the following:

(a) Reconciling all on-premises and in-transit cannabis or nonmanufactured cannabis products inventories at least once every thirty (30) calendar days; and

(b) Recording the net weight of all harvested cannabis once the majority of drying, trimming, and curing activities have been completed, or within sixty (60) calendar days from the initial harvest date, whichever is sooner;

(c) Licensees shall close out their physical inventory of all cannabis and nonmanufactured cannabis product and UIDs, if applicable, prior to the effective date of any of the following changes to their license:

(1) Voluntary surrender of a temporary license or annual license;

(2) Expiration of an annual license;

(3) Revocation of a license.

(d) Close-out of physical inventory includes, but is not limited to, all of the following items:

(1) Immature plants and their corresponding lot UID(s);

(2) Mature plants and their corresponding plant UID(s);

(3) Harvest batches and their corresponding UID(s);

(4) Nonmanufactured cannabis products and their corresponding UID(s); and

(5) UIDs in the licensee's possession which have not been assigned in the track-and-trace system.

(e) All transfers and sales shall be documented pursuant to sections 8401 and 8405 of this chapter.

SUSTAINABILITY MEASURES

1. Water Efficiency Measures: please see water management plan

2. Energy Efficiency Measures: Coasta Bella has taken several measures to increase the energy efficiency of the greenhouse operation. Energy efficiency is not only the right thing to do for our environment and footprint but it is also important to do for the business to ensure we maximize profitability. Nearly all of the greenhouse structures were originally delapitated when CB took over. CB has taken the following steps to increase the energy efficiency of the operation:

    a. The greenhouses were extremely "leaky", meaning that they had cracks, holes, and openings in the walls or roof that allow cold air to leak into the house and warm air to escape. This "infiltration" can account for a significant portion of a greenhouse's winter heating bill. CB eliminated all holes, openings and cracks in the greenhouses. This measure can often reduce your heating bill by 5 to 10%. Tightening up the house has the added benefit of improving control over airflow patterns in the house, which can make temperatures and humidity levels more uniform.

    Metal posts and frames that are embedded in a greenhouse's walls or roof are another spot where heat can leak out. Even though there is not a physical opening to allow hot air to escape, the metal, with its high thermal conductivity, provides an easy "pathway" for heat to move from indoors to out. CB will cover these structural elements with insulation whenever practical.

    b. Adding thermal screens: greenhouse coverings are clear in order to allow sunlight into the house. Unfortunately, clear panels are also poor insulators. CB will minimize nighttime heat loss in the winter by using a movable thermal screen, that can be drawn across the roof and walls of the greenhouse. Often these thermal screens can serve double duty - providing shade from excessive sunlight in midsummer, and providing thermal insulation during winter nights. The reduction in heating costs will vary but can be as high as 30% or 40%.

    c. Seal the fans: When ventilation fans are turned off, the fan's louver will automatically close the fan opening. At least that's how it's supposed to

work. Unfortunately, bent or malfunctioning louvers are all too common in greenhouses, as well as drilled holes or gaps around the fan housing. This leads to air leakage during the winter, which translates into higher heating bills. Malfunctioning louvers have been repaired, and any holes or cracks have been covered over. CB will also cover the fan inlet with a sheet of foam insulation board during the coldest months when the fan is not needed.

3. High Efficiency Mechanical Systems: CB is constantly looking to improve its greenhouse operation by maintaining and/or adding high efficiency mechanical systems. Below are steps we've taken for our greenhouse operation:

    a. All of the greenhouses had very old an inefficient ventilation fans. CB has replaced ventilation fans with high efficiency models.

    CB regularly maintains all fans in the greenhouse by cleaning them on a quarterly basis. Accumulated dust on a fan's blades and safety screen can increase ventilation energy use by as much as 20%. All that is needed to correct this problem is a rag and some elbow grease. CB will de-activate the electrical circuit for the fan before starting, just to be safe.

    b. CB utilizes high efficiency mechanical thermostats and regularly checks its operation to make sure everything is running properly. A thorough inspection of the control system requires a bit of technical knowledge about the controls equipment which is done twice per year. However, the greenhouse manager can catch simple problems by simple observation. For example, if the ventilation fans are on while the heat is on, there's probably something wrong. If the lights are on in a greenhouse when there are no plants in the house, it's worth it to figure out why and correct the problem.

4. Alternative Fuel Transportation Methods: CB will work with several licensed distribution companies to transport products throughout the State. In choosing a provider, distributors who use alternative fuel and hybrid vehicles will be a deciding factor on who gains our business.

ODOR PREVENTION DEVICES

The cannabis operation will utilize carbon scrubbers as odor prevention devices. These are filters filled with carbon which is known for its ability to neutralize smells. Carbon filters are a common piece of equipment in the cannabis industry for odor prevention.

These will be placed throughout facility in order to prevent the odor of cannabis from causing a nuisance to neighboring properties. The carbon filters will have powerful exhaust fans attached to them in order to pull air through the filter. The air will then be pushed back out into the space and the cycle will repeat, this is known as “scrubbing” the air.

PROPOSED SIGNAGE

There will be no signage on site or visible from the public that displays or inferes anything about cannabis.

The signage on the site is 12” x 12” which are signs that label each greenhouse & building addresses.

The only other signage that would be visible from the public would be the address numbers for the property.

There is no other proposed signage unless required by county regulations.

PARKING PLAN

There are 12 parking spaces on this parcel and 2 handicap parking spaces. There will be additional parking spaces available on neighboring parcels that Coasta Bella also holds the lease on. Coasta Bella only anticipates a small crew for the cultivation on this parcel, a crew of 5-6 workers.

There will be one entity working on this site. This entity will use the same workers from neighboring APNs that Coasta Bella is also managing.

There will be one shift per day for all employees except for security guards. There are 3 shifts per day for security personnel.

PESTICIDE & FERTILIZER MANAGEMENT PLAN

The operator (licensee) will store, handle, use, and dispose of chemicals, pesticides and fertilizers in accordance with the following:

Licensee will comply with all orders, laws, regulations, or other requirements of other regulatory agencies, including, but not limited to, local health agencies, regional water quality control board (including nitrogen management reporting), air quality management districts, or air pollution control districts, local land use authorities, and fire authorities.

PESTICIDE MANAGEMENT

OVERVIEW

- Licensee will do each of the following:
  - Comply with all pesticide label directions
  - Store chemicals in a secure building or shed to prevent access by wildlife
  - Contain any chemical leaks and immediately clean up any spills
  - Apply the minimum amount of product necessary to control the target pest
  - Prevent offsite drift
  - Not apply pesticides when pollinators are present
  - Not allow drift to flowering plants attractive to pollinators;
  - Do not spray directly to surface water or allow pesticide products to drift to surface water.
  - Spray only when wind is blowing away from surface water bodies;
  - Not apply pesticides when they may reach surface water or groundwater; and
  - Only use properly labeled pesticides. If no label is available, consult the Department of Pesticide Regulation.
  - Manage all hazardous waste in compliance with all applicable hazardous waste statutes and regulations

- License will comply with California's worker safety regulations for pesticides.
  - **The Pesticide Safety Information Series (PSIS) A Series** (below) is incorporated herein.
  - Personnel handling pesticides will be trained utilizing the PSIS A Series.
  - Pesticides will be stored, moved, and disposed of in accordance with PSIS A- 2.

- Licensee will fill out and display required PSIS A Series in a central location and make available to personnel
- See also Department of Pesticide Regulation (DPR) **Pesticide Compliance Guide for Employers and Businesses**[2] and the **DPR Compliance Assistance Booklets for Employers Books 1- 7**, incorporated by reference.3

Introduction

Licensee will obtain an operator ID and pesticide applicator permit from the Monterey County Ag Commissioner's office. We will follow any and all directions from the AG Commissioner regarding our cultivation operation.

Licensee understands that poorly stored pesticides and improper mixing/loading practices can present a potential risk to our health and to the integrity of the environment. The quality of surface water, groundwater and soil can be degraded in areas where: pesticides are stored under inappropriate conditions, improperly mixed and loaded into application tanks, or where equipment is washed and rinsed after application. Accidents involving spills or leakages may have serious health and environmental consequences.

Licensee has registered with CERS and maintains its chemical records there. We also have filled out and submitted a hazmat questionnaire to Monterey County EHB. The company's goal is to manage the storage areas and conduct the mixing/loading operations in ways that will help minimize exposure to pesticides and reduce the risks to public health and the environment.

Pesticide Storage

Licensee understands that safety is the key element in pesticide storage. The safest approach to any pesticide problem is to limit the amounts and types of pesticides stored. The storage facility will be locked and limit access to only those individuals who are properly trained in the use of pesticides.

Storage Practices

The storage area will be properly identified with signs such as “Pesticide Storage Area.” In addition, a NFPA Hazardous Rating Placard (National Fire Protection Association) will be posted at entrances to the pesticide storage container. This will enable emergency responders to be able to make an assessment on how to respond to an incident (spill, fire, etc.) based on this placard.

Licensee will obtain an Outside Hazardous Chemical Storage container. NFR warning labels, ratings and instructions are included. Finished in chemical, corrosion and UV resistant paint. Meets NFPA code 30, complies with OSHA and EPA regulations. FM approved, UL approved.

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[2] Available at https://www.cosb.us/wp-content/uploads/Pesticidecomplianceguide1.pdf

[3] Available at https://www.cdpr.ca.gov/docs/enforce/cmpliast/bkltmenu.htm

A list (inventory) of the products being stored will be posted on the outside of the storage container. Licensee will also have Material Safety Data Sheets for stored pesticides available in a location adjacent and/or outside of the storage facility. Initially Licensee anticipates housing a few 15 gallon containers for pesticides.

Pesticides will be stored in accordance with their label requirements in their original container with the label clearly visible. Unless otherwise indicated on pesticide labels, temperatures in the storage area should be kept between 40° F and 100° F.

They will always be kept off the ground to prevent the accumulation of water in or under the containers.

Pesticides will not be stored in the same place as ammonium nitrate fertilizer.

Because shelf life is difficult to predict, pesticides will not be stored longer than two years and therefore the purchase date will be written on the pesticide container.

Pesticide Handling

Guidelines for Mixing Safely

- ☐ Obtain the proper training before mixing pesticides. See section on pesticide licensing.
- ☐ Wear personal protection equipment specified on the label.
- ☐ Mix in a well ventilated area.
- ☐ Measure using appropriate scale or measuring cup.
- ☐ Ideally your waist should be even with the opening of the tank.
- ☐ Pour pesticide down the side of the tank to avoid splashing.
- ☐ Make sure you have a solid footing while pouring.
- ☐ Do your calculations prior to mixing.
- ☐ Mix during daylight hours.
- ☐ Water supply is required to have a backflow prevention device - to prevent backflow into the water supply.
- ☐ Water should be carefully added to the pesticide mix by pouring down the side of the tank.
- ☐ Do not submerge the end of the water supply hose into the pesticide mix as it could back siphon. Pipe or hosing should be suspended over the opening of the tank
- ☐ Wash gloves before removing them.

Pesticide Mixing and Loading Sites

Mixing will not occur on gravel or other surfaces that allow spills to move quickly through the soil. Appropriate personal protective equipment (PPE) will be worn before opening a pesticide container. PPE will include chemical resistant gloves and front protection such as a bib top apron made of butyl, nitrile, or foil laminate material. A face shield, shielded safety glasses or goggles will be worn. When pouring any pesticide from its container, the container and pesticide will be kept below face level. A respirator will ensure protection against dust or vapors. A tank will never be left unattended while it is being filled. If the pesticide user should splash or spill pesticides on his/her person, he/she will stop the operation, wash thoroughly with a mild liquid detergent and water, put on clean PPE and clean up the spill.

All transfers of pesticides between containers, including mixing, loading and equipment cleaning, will be conducted over a spill containment surface designed to intercept, retain and recover spillage, leakage and wash water. Containment needs depend on the quantities of pesticides that are being mixed and loaded.

Washing and Rinsing Operations

Washing and rinsing of pesticide residues from application equipment, mixing equipment or other items used in storing, handling or transporting pesticides will occur on a pad. In order to reduce the need to frequently wash the application equipment and to avoid cross contamination, application equipment will be dedicated for use for certain types of pesticides. For example, if a backpack sprayer is used only for applying herbicides it would not necessarily be washed after each use. On the other hand if the backpack sprayer was used to apply both herbicides and insecticides it would be necessary to always clean the equipment to avoid cross contamination.

Emergency Response Plan

An emergency response plan will be developed and uploaded to CERS. The plan will list actions to take and personnel to contact in the event of a spill or accident. The plan will begin with a current listing of the pesticides used or stored at the facility and will include the following information:

- Names and quantities of pesticides;
- Location of the property including a map with directions;
- Names, addresses and telephone numbers of the owner and key employees;
- Plan of the facility showing pesticide locations, flammable materials, electrical service, water supply, fuel storage tanks, fire hydrants, storm drains, and nearby wetlands, ponds, or streams;

- Location of emergency equipment supplies including breathing equipment and protective equipment; Copies of the emergency response plan should be located near the entrance to the pesticide facility and with business records. Copies should also be given to the local police department and fire department. Contacts should include the following: fire department; police; spill clean up firm; nearest hospital; MDAR Pesticides Program; board of health; owner of the facility. The plan should be available in both English and the language or languages understood by workers if this is not English.

Personal Safety

Personal protection equipment such as respirators, chemical resistant (CR) gloves, CR footwear, coveralls with long sleeves, protective eyewear, CR headgear, CR aprons and a first-aid kit will be available immediately outside the storage area. The first-aid kit includes the following items: adhesive strips, tape, eye pads, gauze bandages and tweezers. The phone number 800-222-1222 for the Poison Control Center will be posted in a prominent location.

It is essential that protective eyewear be worn during mixing/loading. The protective eyewear will consist of safety glasses that provide front, brow and temple protection, goggles or a face shield. Workers will be instructed in the correct procedure for the removal of contaminated clothing. Eye wash stations or portable eye wash bottles will be easily accessed by each person engaged in the operation and will be capable of flushing eyes for a minimum of fifteen minutes. Routine wash up facilities, equipped with soap, hand cleanser and single use paper towels will be available near the storage area.

Pesticide Spills and other Accidents

Licensee will utilize a pesticide storage container to house all pesticides. This will keep it locked and kept safe away from other chemicals. An absorbent material such as re-usable gelling agents, vermiculite, clay, pet litter or activated charcoal will be on hand along with a garbage can and shovel to quickly contain and clean up any spills. All discharges to the environment or spills will be recorded. The records will include the date and time of the incident and the cleanup.

Site Security

The storage cabinets will be kept locked and the door to the storage area will contain a weatherproof sign warning of the existence and danger of pesticides inside. The door will be kept locked. The sign will be visible at a distance of twenty five feet and have a notice such as: **DANGER PESTICIDE STORAGE AREA, ALL UNAUTHORIZED PERSONS KEEP OUT, KEEP DOORS LOCKED WHEN NOT IN USE**

The sign will be posted in both English and Spanish.

Pesticide Disposal

Proper disposal of pesticides and their containers is an important phase of pesticide management. An improperly disposed product can be hazardous to people and the environment. Licensee will rinse liquid pesticide containers three times when emptied: fill the containers about one-third full and swish it around. Allow the containers to drain well between each rinse (30 or more seconds). The rinse material will be poured into a spray tank and applied to our registered site. Triple-rinsed containers are considered non-hazardous and will be disposed of according to state recommendations. Licensee will never reuse an empty pesticide container. If an empty triple-rinsed container cannot be disposed of immediately, we will store it in a safe, locked area. Before throwing out powders or granular pesticide containers, we will be sure to remove all contents from the containers.

Licensee will always plan ahead in preparing spray mixtures. We will only mix the amount of pesticide you need to do the job. When cleaning equipment we will make sure rinse water will not collect or contaminate groundwater or surface water.

A pesticide product that can no longer be used according to the label instructions because it is no longer registered (or for some other reason) is considered hazardous waste. Licensee will use pesticides in the same year of purchase and store pesticides properly in order to avoid the accumulation of unusable pesticide products.

If, for any reason, a pesticide that is more than 5 gallons cannot be used any longer, Licensee will follow instruction from Monterey County EHB on proper disposal.

Pest Management Practices

While the State is working on creating specific regulations for pesticide use with cannabis we will follow the “Legal Pest Management Practices For Marijuana Growers in California” document as a guideline on what can and cannot be utilized for pest management in cannabis cultivation. This document is provided by the Medical Cannabis Cultivation Program (MCCP) on the Department of Pesticide Regulation (DPR) website.

Recycle Pesticide Containers

In an effort to utilize as many green practices as possible, Licensee will follow the Pesticide Container Collection and Recycling Procedures provided by the Monterey County Agricultural Commissioner's office and located on their website.

FERTILIZER MANAGEMENT

Fertilizer storage areas contain concentrated nutrients that must be stored and managed properly. Licensee plans to minimize potential problems through adequate environmental awareness, employee training, and emergency preparedness.

Storage Location

Fertilizer storage areas contain relatively large quantities of concentrated chemicals. Licensee procedures will minimize the risks in storage areas such as the release through broken, damaged, or leaking containers; loss of security leading to irresponsible use; accumulation of outdated materials leading to excessive quantity of fertilizer thus unnecessarily raising risk level.

Licensee will have the least amount of risk by having an area dedicated to fertilizer storage; separated from offices, surface water, neighboring dwellings and bodies of water; separate from pesticides and protected from extreme heat and flooding. The storage area will have an impermeable floor with secondary containment, away from plant material and high traffic areas. Clean-up equipment will be readily available.

Storage areas will not contain pesticides, or other greenhouse chemicals; storage areas may contain general greenhouse supplies; there will be no food, drink, tobacco products, or livestock feed present.

Storage areas will utilize the following:

- The use of pallets to keep large drums or bags off the floor. Shelves for smaller containers will have a lip to keep the containers from sliding off easily. Licensee will use steel shelves because they are easier to clean, compared to wood, if a spill occurs.
- If we ever need to store large bulk tanks, we will provide a containment area large enough to confine 125 percent of the contents of the largest bulk container.
- Preventing unauthorized use of fertilizers reduces the chance of accidental spills or theft. Licensee will keep the building or storage area locked and clearly labeled as a fertilizer storage area. There will be labels on the windows and doors of the building to give firefighters information about fertilizers and other products present during an emergency response to a fire or a spill. Licensee will keep a separate list of the chemicals and amounts stored.
- Licensee has adequate road access for deliveries and use, making the fertilizer storage accessible.
- Fertilizers will never be stored inside a well house.

If a container is accidentally ripped open or knocked off a shelf, the spill will be confined to the immediate area and promptly cleaned up. For liquid fertilizers we will utilize spill containment devices.

Containers

Fertilizer will be stored in their original containers unless damaged; labels will be visible and readable; food or beverage containers will never be used for storage. Labels will be in plain sight; no containers will come in contact with the floor; all containers will be stored up-right; aisles will be wide enough to comfortably accommodate workers.

Licensee anticipates housing four 55 gallon drums of fertilizer at any given time. The location of the containers and fertilizer storage is located on our site plans.

Damaged Containers

Containers will be checked often for damage; when damaged containers are noticed, contents will be repackaged and labeled or placed in suitable secondary containment which can be sealed and labeled.

Containment

There will be no floor drain; there will be containment systems routinely used for all open containers; damaged or leaking containers will be repaired and/or replaced as soon as possible; all spilled material will be cleaned up upon discovery; and cleanup materials will be discarded promptly and properly.

Fire Suppression

Licensee will have fire extinguishers immediately available.

Inventory and Recordkeeping

Inventory will be actively maintained as chemicals are added or removed from storage; containers will be dated when purchased; outdated materials will be removed on a regular basis; inventory will be controlled to prevent the accumulation of excess material that may become difficult to use. Such inventory logs will be used to keep CERS updated at all times. Licensee intends to have a total of four 55 gallon drums on site at all times and will replace empty drums as needed.

Monitoring

Licensee will do a regular inspections of storage for signs of container corrosion or other damage - leaking or damaged containers will be repackaged as appropriate.

Restricted Access

The storage room will be locked and access restricted to trained personnel only.

Signage

Signs posted will be posted; warning signs will be used as needed; emergency contact information will be posted.

Spill Prevention and Preparedness

Opening fertilizer product containers, measuring amounts, and transferring fertilizer to the delivery system involves some level of risk from spills. Secondary containment will be used for fertilizer stock tanks routinely; spill clean-up materials will be used for liquids (e.g., absorbent materials) and solids (e.g., shovel, dustpan, broom and empty and/or buckets) will be available within the general area. All fertilizer drums will be placed on a Poly Spill Containment Pallet.

Delivery System

The fertigation equipment will be checked monthly for accuracy; containment tanks, backflow preventers and any equipment that holds fertilizer in the dry or liquid form will be inspected; stock tanks will be inspected weekly for deterioration and cracks; the manufacturer recommendations will be followed when calibrating or working on fertilizer injector equipment; stock solution tanks and the areas surrounding fertilizer injectors and concentrated solutions will be kept clean and free of debris.