



**Application to Operate A Medical  
Cannabis Dispensary**

**San Leandro, California**

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## **Contact Information**

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## **Section 1**

### **Finance**

# 1 Finance

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DSWC, Inc. is incorporated as a private, members-only Medical Marijuana collective under current California law. Specifically, DSWC is formed as a California Mutual Benefit Corporation. As such DSWC will reinvest excess money received beyond the cost of operating expenses to further the goals of the organization including community service, patient advocacy, and educating the public regarding the medical uses of Cannabis.

DSWC will conduct business in a transparent manner that is compliant with all regulations and generally accepted accounting principles. DSWC will manage all resources according to the highest standards for nonprofit organizations within the medical Cannabis industry and elsewhere. These practices will minimize a number of risks associated with operating a nonprofit dispensary and will support long-term sustainability. In an effort to develop long lasting absolute trust between DSWC and the City of San Leandro, DSWC will provide the City access to all books, records, accounts and relevant data upon request.

## 1.A Pro Forma and Operating Costs

The projected three-year quarterly estimates for operations are outlined in the Projected Income and Expenditures (“Pro Forma”) statements (Exhibits 1-3). Core assumptions of the projections are as follows. Line numbers are included in the Pro Forma for reference.

Timing – It is assumed DSWC will open within 90 days after approval of our application by the City Council. Within these 90 days DSWC will work diligently with City staff to obtain all permits and approvals required by the City’s ordinances, rules, and regulations, including a conditional use permit and building permit. Assuming a decision by the City Council during the third quarter of this year DSWC intends to open for business at the beginning of the fourth quarter of 2016. See Exhibit 4 for our anticipated timeline.

Revenue (Lines 1-3) – The main drivers of quarterly revenue are total average patient visits per day, total average purchase size, and total operational days per quarter. The following assumptions are based on comparable dispensary locations in the East Bay and general population demographics and consumption rates.

- 250 Patients per day on average with 15% quarterly growth;
- Average individual purchase of \$65<sup>†</sup> with 1% quarterly decrease attributed to competitive retail margin compression and pass through savings as production efficiencies are realized;
- 78 operational days per quarter or 26 operational days per month

DSWC assumes the potential patient pool to be 3%<sup>‡</sup> of the total population within a 30-minute drive of San Leandro. Considering the total population of Alameda County (1.6M) and Contra Costa County (1.1M) we assume the total population within 30-minutes drive of San Leandro to be approximately 1.0M. Thus, DSWC assumes a potential patient pool of 30K individual patients within a 30-minute drive of San Leandro. Due to competition, mostly from Oakland dispensaries, it is assumed that 2/3 of this potential patient pool, or 20K patients, will frequent San Leandro dispensaries. DSWC further assumes that these patients obtain medical Cannabis once per month. Thus, based on these assumptions approximately 20K patient transactions will occur within San Leandro each month. Assuming a 50% share of San Leandro’s market, DSWC estimates that approximately 10K patient transactions will be realized by DSWC each month, or 385 patient transactions per day. To be conservative, DSWC chose to start our predictive model at 250 patients per day

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<sup>†</sup> Marijuana Business Daily (<https://mjbizdaily.com/chart-week-average-marijuana-dispensary-purchase-amounts-range-60-100>)

<sup>‡</sup> Extrapolated from the percent of medical Cannabis patients statewide (1.9%; <http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889>) adjusted higher to reflect the progressive leanings of the Bay Area relative to the rest of California.

with 15% quarterly growth. The assumed 15% quarterly growth in patient volume is also conservative as the total Cannabis market is expected to grow considerably if California voters approve “adult-use” in November 2016. Market size is expected to grow even if adult-use is not approved in November as general acceptance of Cannabis increases nationwide and people begin substituting Cannabis for other inebriants such as alcohol.

*Product Offerings (Lines 4-10)*

Product Category	% Of Sales	Product Category	% Of Sales
Flowers	45%	Preparations	20%
Edibles	15%	Extracts	10%
Clones	6%	Medical Devices	3%
Books	1%		

\* See Exhibit 5 and Section 2.A.ii for a detailed description of product offerings

*Sales Discounts (Line 12)* - Sales discounts are assumed to total 2% of gross revenue. DSWC will offer weekly and seasonal deals to ensure all patients have access to affordably priced Cannabis products. In addition, as part of DSWC’s Green Action Plan and overall goal of reducing carbon emissions discounts will be given to patients who utilize bikes or public transportation to travel to the dispensary. Discounts for seniors and veterans will also be offered.

*Cost of Goods Sold (COGS) (Lines 14-24)* – As demonstrated in Exhibit 5 the majority of Bay Area dispensaries impose a retail markup between 100-200%. For purposes of creating conservative financial estimates and ensuring financial viability, our financial projections assume a gross product markup of 80%. Packaging and labeling costs associated with bulk flower breakdown are assumed to be 1% of product costs.

*San Leandro Business License & Fees (Lines 25-27)* – San Leandro City Staff established an annual medical Cannabis dispensary permit fee of \$60,000. It is assumed that the City will collect the fee upon successful authorization of a dispensary permit in Q3 2016. A recurring \$60,000 renewal fee is budgeted for subsequent years. In addition a 9% gross revenue fee is budgeted to be paid quarterly to the city of San Leandro (For comparison: Oakland 5% gross revenue fee, Berkeley 2.5% gross revenue fee, Sacramento 4% gross revenue fee).

*Employee Expense (Lines 28-35)* – Staff payroll is based on 17 full-time equivalents at an average hourly rate of \$20. Staff wages are estimated to range from \$18-\$24 per hour in year one with an annual increase of 10%. Staff benefits are estimated at 7.5%. Employer liability for payroll taxes is estimated at 9%. Workers compensation insurance is estimated at 2.3%. An initial staff-training budget of \$10,000 with quarterly additions of 2% of payroll is included. The Board of Directors will forgo salaries until operating income stabilizes. Employee expenses and staffing levels are detailed in Exhibits 6-8. Staffing levels are incrementally increased based on average daily patient volume.

*Employee Benefits Package (Lines 32-35)* – All full-time employees will receive benefits packages paid for by DSWC. The benefits package will include healthcare, dental, vision, life equivalent to one year employee salary, EAP (employee assistance program) financial planning, childcare, elder care, legal assistance, 403B plan with DSWC match of 3% of the annual salary at each year anniversary. Training and education will be included in benefits provided to employees. All together the benefits packages offered to each employee are considered to be 20.8% of pre-tax labor expense. DSWC’s benefits package is further detailed in Section 1.C.

*Insurance Expense (Lines 36-37)* - DSWC will maintain a comprehensive insurance policy to cover general liability and business property.

Rent and Building Expenses (Lines 38-41) - DSWC has a 10-yr lease option for our proposed site with rents and triple-net expenses of \$21,000 per quarter. An additional \$4,500 is budgeted for quarterly repairs and maintenance.

Security (Lines 42-45) – Security expenses include three Intervention Group guards, 24-hr remote surveillance and response, and armored car service. DSWC’s security plan is detailed in Section 2.C.

Depreciation and Amortization (Line 57) - DSWC Estimates total startup fixed costs to be \$315,000 (i.e. tenant improvements, furniture, fixtures and equipment). DSWC will undergo a cost-segregation study to establish an official depreciation schedule for all business assets. For the purposes of this pro forma, the fixed startup costs are straight-line depreciated over a 10-year time frame beginning Q1 2017.

Community Benefits Program (Lines 59-67) - In addition to ongoing commitments to the Davis Street Family Resource Center’s community service matrix, DSWC will make three \$50,000 one-time donations to the San Leandro Cherry Festival, San Leandro Arts Commission, and the San Leandro Planning and Business Development within our first year of operations. DSWC will continue to donate \$10,000 annually to those organizations (Lines 62-64) and \$145,000 annually to the Davis Street Family Resource Center (Lines 59-60). In addition, sliding fee healthcare discounts will be offered to qualifying patients (Line 65). Discounts will be offered to veterans, seniors and qualify individuals based on national poverty lines. Total sliding fee discounts are assumed to total 1.5% of total revenue. DSWC will additionally allocate \$15K annually to fund a Community Dialogue (Line 61) to help educate the community on the benefits of medical Cannabis. Finally, DSWC will fund a general donation pool to be used to make charitable donations to San Leandro organizations (Line 66).

Loan Payments (Line 68) – DSWC will be issued a loan of \$1.4M in start-up capital exclusively from members of its Board of Directors. The loan will be paid back quarterly with the goal of principal to be fully serviced over a 5-year term as operating income stabilizes. Principal payments are projected to begin in Q1 2018. Once principal payments begin interest shall be paid and adjusted monthly at a fair market interest rate equal to the Published Daily Wall Street Journal Prime Rate or equivalent interest rate benchmark. The assumed interest rate in the Projected Income and Expenditures Statement is 3%.

Pre Tax Net Income (Line 69) – Total revenues minus total expenses.

California FTB Corporate Tax (Line 70) – DSWC is formed as a California Mutual Benefit Corporation in order to comply with the Attorney General’s recommendations for Cannabis businesses. For tax purposes, DSWC will file as a California C-Corporation subject to an 8.84% tax rate. California tax liabilities are determined based on Pre Tax Net Income (Line 69).

Federal Income Tax 280e Allocation (Line 71) – Internal Revenue Code Section 280e limits the business expense deductions of Cannabis businesses. DSWC has allocated a portion of staff payroll and marketing expenses to account for Section 280e. The specific details of our 280e allocations are not disclosed here due to potential liability concerns. The net effect of our 280e allocations is to increase taxable income at the federal level.

Pre Tax Net Income with 280e Allocation (Line 72) – Total revenues minus total expenses plus Federal Income Tax 280e Allocation (Line 71).

Federal Income Tax with 280e Allocation (Line 73) – DSWC will use IRS Form 1120 to file federal income taxes. Federal income taxes are calculated based on Pre Tax Net Income with 280e Allocation (Line 72).

Post Tax Net Income (Line 74) – Net income after taxes shall remain in the corporation as retained earnings.

## 1.B Interest and Tax Calculations

Interest - DSWC will be issued a loan of approximately \$1.4M in start-up capital with all funds coming exclusively from members of its Board of Directors. Each member of the Board of Directors has already submitted to the background check requirements of this application and has executed the relevant attestations to the City. The loan will be paid back over a 5-year term at a fair-market interest rate equal to the Published Daily Wall Street Journal Prime Rate or equivalent interest rate benchmark. Principle and interest payments will begin once operating income stabilizes, projected to be Q1 2018. The assumed interest rate in our 3-year Pro Forma projections (Section 1.A) is 3%.

California Sales Tax – DSWC will collect sales tax on all retail sales at the time of sale using the San Leandro-specific tax rate (currently 10%). Sales tax will be paid quarterly to the California Board of Equalization. Sales tax was not explicitly included in the Pro Forma in Section 1.A because of its net-zero effect on cash flow.

State Income Tax – DSWC is formed as a California Mutual Benefit Corporation in order to comply with the Attorney General’s recommendations for Cannabis businesses. DSWC will file as a California C-Corporation using Form 100 and will be subject to existing State tax rates (currently 8.84%). California tax liabilities are determined based on Pre Tax Net Income.

State Excise Tax / Special Assessment – The recently passed Medical Marijuana Regulation and Safety Act does not include any explicit provisions for excise taxes or special assessments on Cannabis operators. However, there are currently two bills in the California legislature, Senate Bill 987 McGuire and Assembly Bill 2243 Wood, which in some form are expected to pass in November 2016. SB 987 McGuire is primarily an excise tax of 15% charged at the retail level. AB 2243 Wood is essentially a flat rate tax collected at the distributor level with tiered tax rates; tax breaks for small operators, standard tax for medium operators and increased tax for large operators; also includes “flat rate tax” on different product types. DSWC will comply with these additional regulations if/when they are implemented.

Federal Income Tax - DSWC will use IRS Form 1120 to file federal income taxes. Federal income taxes are calculated based on Pre Tax Net Income with 280e Allocation. Federal 280e allocations are determined based on a portion of staff payroll and overall marketing expenses.

## 1.C Employee Benefits

DSWC will be a significant employer of San Leandro and East Bay residents and all employees will receive compensation above San Leandro’s living wage standards. A description of staffing and compensation levels for the proposed dispensary is given in Exhibits 6-8. DSWC will work closely with Stepping Stones Growth Center to identify and educate local individuals for employment at the proposed dispensary. Employees will be required to submit information for an employee background check by our third-party security consultants from Intervention Group. DSWC reserves the right to disqualify applicants convicted of serious and/or violent criminal offense.

Having a knowledgeable and well-trained staff is essential to establishing a trusting and caring relationship with the patients we serve. Qualified prospects will be hired on a ninety-day probationary status. During this time, they will be rigorously trained and evaluated for their ability to perform in a restricted-access environment. All staff will be tested on their knowledge at the end of their ninety-day period to ensure they have absorbed the proper information and are capable of performing their tasks safely and effectively. Costs of training will be covered by DSWC.

All employees will then be given a copy of our Employee Handbook and Job Descriptions, which include a discussion of all staff policies, employee benefits, and job descriptions. This ensures that everyone is clear about his or her roles and responsibilities and that they understand how their duties create a safe and efficient working environment.

Continued Education and Career Advancement - DSWC's staffing plan includes a career advancement "ladder" that offers continued education and workplace advancement. DSWC provides experience-based and education-based opportunities for career advancement.

In order to provide the highest-quality products and services in a safe, constructive environment, it is of vital importance to DSWC that all employees be thoroughly trained and educated on all aspects of their jobs and the facility in general. Industry-specific continued education will be provided in the following areas:

- The proper use of security measures and controls for the prevention of diversion, theft, or loss;
- Procedures and instructions for responding to an emergency;
- State and federal regulations regarding the confidentiality of information (HIPPA);
- Identifying and understanding different strains and products of *Cannabis* and their effects;
- Quality assurance, packaging, and labeling;
- The benefits and intricacies of different methods of taking *Cannabis* medicines;
- Recognizing the signs of substance abuse or instability in the patient;
- The prohibition of smoking marijuana in public places, places open to the public, or places exposed to public view; and
- Responsible adult use.

Continued education opportunities will be provided in conjunction with Stepping Stones Growth Center, a subsidiary of the Davis Street Family Resource Center providing job development, group placement and individual jobs to people living with disabilities.

Holidays - The Fair Labor Standards Act (FLSA) does not require employers to pay for time not worked, such as vacations or holidays (federal or otherwise). As is commonplace within our industry, majority of holidays are regarded as regular workdays at DSWC. Any employee who works on a holiday will receive time and a half, of his/her normal rate of pay. An employee must be present at work on his or her last scheduled day prior to the holiday and the first scheduled day after the holiday, unless Management approves the absence at least 2 weeks before. The company observes the following holidays: New Year's Day, Martin Luther King, Jr Day, Memorial Day, Independence Day (July 4<sup>th</sup>), Veteran's Day, Thanksgiving Day, and Christmas Day.

Vacations - DSWC provides vacation time for all full-time employees who have been working for the company for at least two continuous calendar years. On the start of the 3-year, employees will start accruing vacation time; this time can be used after it is earned. Employees are encouraged to take vacation time every year. In the event an employee doesn't use his/her vacation time, the vacation time available will carry over. After the maximum cap has been reached, vacation time no longer accrues until some of the accrued vacation time has been used. Once the employee uses some vacation time, vacation will again begin to accrue at the normal rate until the cap is reached once more.

Paid Sick Leave - Sick leave applies to all employees who work at least 30 days for the same employer within a year in California, including part-time, full-time, temporary and seasonal employees. These employees must satisfy a 90-day employment period before taking any sick leave. All new employees will received 3 days or 24 hours of sick leave on their first day of employment, but they will be able to start using this time after the 90 day waiting period. Then, during subsequent years they will get the 3 days or 24 hours of sick leave in the beginning of the calendar year (*No Accrual / Up-Front Policy*). An employee can take



sick leave for themselves or a family member, for preventive care or diagnosis, care or treatment of an existing health condition, or for specified purposes if you are a victim of domestic violence, sexual assault or stalking.

Cafeteria-Style Benefits - For employees who have proof of health coverage through another source, DSWC offers to contribute the value of DSWC Medical/Dental/Vision coverage to Child Care or a Tax Sheltered Annuity.

State Disability Insurance and Paid Family Leave Benefits - Employees of DSWC who become disabled due to illness or injury (including pregnancy) may receive state-funded income protection insurance for the time they are unable to work. The determination of benefits is up to the State of California.

Employee-Childcare Benefits - Under certain conditions, DSWC employees may be eligible for DSWC child care services at 50% of the cost provided: the child is the appropriate age to attend one of DSWC's child care centers, that care will not require increased staffing, that space exists for the child(ren) and that the budget for that program allows for enrollment.

Continuation of Coverage (COBRA) - Under the federal Consolidated Omnibus Budget Reconciliation Act (COBRA), employees generally have the opportunity to continue their health benefits coverage for up to 18 months at their cost for themselves and/or any dependents that become ineligible for the plans because of termination of employment, divorce or some other "qualifying event."

Health Insurance - All full time employees (FTE) will receive benefits packages paid for by DSWC. The benefits package will include Kaiser Healthcare, Delta Dental, VSP, Ascension Life equivalent to one year employee salary, EAP (employee assistance program) financial planning, childcare, elder care, legal assistance (8 free sessions per year), 403 B (equivalent to a 401k) DSWC match 3% of the annual salary at one year anniversary. Training and education will also be included in benefits provided to employees. All together the benefits packages offered to each employee are estimated to cost 20.8% of pre-tax labor expenses.

## **1.D Workers Compensation Insurance**

DSWC carries workers' compensation insurance coverage as required by law to protect employees who are injured on the job. This insurance provides medical, surgical and hospital treatments, in addition to compensation for loss of pay resulting from work-related injuries or illness. The cost of this coverage is paid by DSWC.

State Fund is the current workers compensation provider for DSWC. State Fund supports California's entrepreneurial spirit and plays a stabilizing role in the economy by providing fairly priced workers' compensation insurance. State Fund uses job classification-specific rates to determine premiums. Premiums are paid quarterly based on semi-annual audits of employer payroll records.

## **1.E 2015 Paid Taxes and License Fees**

Taxes and business license fees paid by DSWC associates and related third-party entities in 2015 are included in Exhibits 9-11. A signed attestation of DSWC's intent to comply with any San Leandro-based Cannabis business tax is included as Exhibit 12.



## Section 2

# Operations Planning

## 2 Operations Planning

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DSWC will be a closed-loop medical Cannabis and infused-product distribution clinic with integrated patient and community services. We will operate ethically and transparently to consistently bring those in need of medicinal Cannabis the highest quality care, treatment, and support possible. DSWC will distribute consciously grown, quality-assured Cannabis. We will utilize our industry expertise to create next-generation Cannabis-infused products with specific, scientifically engineered cannabinoid ratios. We will have an Advisory Board of doctors and specialists to offer panel reviews of individual patients, observing symptoms and recommending treatment accordingly. Detailed recordkeeping and scientific logs will help our staff monitor treatment on an ongoing basis, while providing fundamental scientific and medical data that will advance industry knowledge and treatment outcomes.

Our goal as doctors, scientists, and compassionate human beings is to provide our patients with a place where they feel comfortable, supported, and respected as a valued part of a caring community. We believe in the scientifically verified healing properties of Cannabis, but also recognize that both treatment and recovery involve more than the body, and wish to provide our patients with as many therapy options as possible.

DSWC has developed a unique vision for dispensing medical Cannabis, one that utilizes tried and true policies and procedures from a tried and true clinical establishment. We intend to dispense medical Cannabis as though we were a clinical pharmacy using the policies and procedures from Davis Street's clinic. These policies and procedures have been vetted and accepted by both state and federal agencies in terms of efficacy, HIPAA compliance, and clinical standards.

### 2.A Description of Operations

#### 2.A.i Operational Policies and Procedures, Operations Manual

DSWC will enforce a strict Operational Plan to manage patient screening, dispensing and vending processes, to ensure compliance with regulations and to prevent nuisance behavior. A summary of our Operational Plan follows. Operations material is considered confidential company property. Abridged portions of the manual are included herein. DSWC will make the complete Operations Manual available upon request. For illustrative purposes the Table of Contents of our Operations Manual is included in Exhibit 13.

##### 2.A.i.1 Hours of Operations

In accordance with San Leandro Municipal Code business hours will be within 9am and 7pm.

##### 2.A.i.2 Patient Screening

Patients seeking medical Cannabis from DSWC will be greeted by a Security Officer and Receptionist upon arrival and must comply with the following. Appointments are not required.

Proof of Residency – all patients must present valid proof of California residency in the form of a CA drivers' license, CA identification card, US military identification card, or US passport.

Medical Recommendation – all patients must present a medical Cannabis recommendation issued by a CA physician in good standing with the CA medical board. Recommendations will be verified online, by phone, or by fax. Physician status will be verified through the CA Medical Board website.

Collective Membership – all patients must agree to the terms and conditions of our Collective Membership Agreement and Good Neighbor Policy (Exhibit 14).

Patient Information – all patients must complete a HIPAA-compliant Patient Information Form that records the patients name and contact information.

Patients’ screening information will be recorded in HIPAA-compliant digital form in our patient management system. The system records all relevant expiration dates and alerts staff and patients when renewal is required. Returning patients will be able to access our products and services by presenting only valid identification, so long as all patient information and recommendations are up-to-date. Upon successful completion of the screening process patients will be “buzzed” into the sales area through an electronically controlled door lock.

### **2.A.i.3 Private Consultations**

DSWC will offer private consultations to patients needing assistance in selecting the appropriate medicine for their ailments or for those simply seeking information. To assure that we can service the community as a whole, consultations will be limited to 30-minute windows, and bookings can be made in advance online or over the phone. Walk-in consultations will be subject to availability.

The trained counselor will listen to the patient describe their ailments, symptoms, and personal preferences, then offer educated advice on a variety of Cannabis-based medicines. When applicable, the counselor may refer the patient to our partner facility, the Davis Street Family Resource Center, for additional consultation, assistance, or treatments. Additionally, our trained counselors will be a point of contact for the various other social services in San Leandro or surrounding communities that may be helpful.

### **2.A.i.4 Dispensing Process**

After completing the Patient Screening process and being “buzzed” into the dispensing area, patients will be directed to the next available sales counter where a Budtender will greet them. Our trained Budtenders will discuss patients’ needs and personal preferences and suggest potential Cannabis products. The patient will inform the Budtender of final selection and the Budtender will scan them into the POS system and collect payment. The Budtender will place the selected products and the receipt into a non-descript bag and hand it to the patient. The patient will be directed to the exit by staff or security.

### **2.A.i.5 Vending Process**

Vendors must register with DSWC following the Patient Screening Process. Vending is by appointment only. The Product Managers will manage vendor relations and schedule appointments. After presenting themselves to the Receptionist and completing the Patient Screening Process the vendor will be escorted to the vendor room, a secure room away from the general dispensary population. Products will be inspected by the Product Manager and if acceptable will be held on site. A sample will be sent to a third-party lab for testing. Products will be accepted for dispensing if and only if they pass lab analysis for quality and safety.

### **2.A.i.6 Delivery**

Delivery of medical Cannabis and related products is not part of this proposal.

### **2.A.i.7 Patient Management, Point-of-Sale, and Inventory Management**

Our point-of-sale (POS) system, BioTrackTHC, provides accurate, HIPAA-compliant, and verifiable tracking of all patient members, sales, and product inventories. A summary of BioTrackTHC’s functionalities follows.

Patient CRM: BioTrackTHC includes a complete Customer Relations Manager (CRM) with notes, purchase history, and file system for physician recommendations, medical card, identification, and other documents.

Point-of-Sale: BioTrackTHC’s Point of Sale (POS) system was created specifically for the Cannabis industry and incorporates direct equipment integration virtually eliminating human error. Cumulative pricing, weigh heavy, and inventory grading are all accounted for, in addition to the ability to conduct blind audits and set employee permissions.

Inventory Management: BioTrackTHC assigns each product a unique tracking number that allows for real-time tracking and recall. Manual inventories will be undertaken monthly to verify BioTrackTHC data and resolve any discrepancies. The system will be monitored daily by the Operations Manager, and the IT staff if needed, to ensure data integrity.

Quality Control: BioTrackTHC stores copies of all lab results from our third-party quality assurance laboratory and links those results to specific batches of products.

Reporting: BioTrackTHC’s State Traceability system enables government agencies to track the production, transportation, destruction and sales of legal Cannabis. Licensed Cannabis businesses utilize the system as a business platform that supports them in remaining fully compliant when tracking all aspects of daily operations. Extensive reporting capabilities allow state and local governments to enforce regulations, collect taxes and prevent diversion. The Traceability system has passed a SAS No. 70 audit (now SSAE 16) to certify compliance with strict standards for electronic prescriptions of all legal classes of medication.

## 2.A.ii Products

**Cultivation and production are NOT part of this application.** All Cannabis and Cannabis-products will be sourced from local vendors within our collective membership. All vendors will be thoroughly vetted and their products tested to ensure quality, safety, and regulatory compliance. All products will be transported to DSWC by vendors by appointment only. A summary of the various products to be offered follows. Additional product information, including average wholesale and retail pricing, is given in Exhibit 5.

Flowers – Trimmed Cannabis “buds” that are smoked or vaporized. DSWC will maintain a sufficient number of strains at varying price levels; typically 10-15 strains will be offered. Flowers will be dispensed in 3.5g, 7g, 14g, and 28g increments.

Infused Products – Cannabis-infused products that are ingested (edibles, tinctures) or applied externally (topicals). All infused products must be produced in a commercial grade facility following Safe Food Handling protocols and must be labeled to indicate active cannabinoid content, ingredients, dietary information, and potential allergens. DSWC will stock approximately 40 different edible products and 10 different preparations.

Concentrates - Concentrated Cannabis products (i.e., Extracts) will be sourced from our collective membership. Extracts must be “solvent-free.” DSWC will offer approximately 30 different extracts typically in 1g increments.

Clones - Clones, small rooted plants with no flowers, will be sourced from responsible California cultivators. Clones will be provided to collective members who prefer to cultivate their own Cannabis.

Accessories - The dispensary will sell a few select accessories to our collective members including vaporizers, rolling papers, pipes, periodicals, and apparel.

## 2.A.iii Services

DSWC believes that a medical Cannabis dispensary should be more than a dispensary — it should provide comprehensive health and wellness services in a holistic manner to help manage illness and improve the quality of life of its patient members. DSWC’s partnership with the Davis Street Family Resource Center will provide our patients with an unparalleled wellness resource. Services offered by DSWC in conjunction with the Davis Street Family Resource Center and other local providers are as follows:

Counseling - Many chronic and life-long conditions that our patients may endure, including HIV/AIDS, cancer, PTSD, addiction and the like, are extremely benefitted by counseling. Davis Street Family Resource Center’s trained counselors will be available to all members of DSWC. Methods of counseling available include individual therapy, family therapy, group therapy, couples therapy, psychological assessments, psychotherapy, psychoeducation groups, and mental health consultation.

Medical Services - Davis Street Primary Care Clinic provides multi-lingual, community-responsive, and culturally appropriate medical, dental, and behavioral health care services. Our direct partnership will ensure our patients are aware of services offered and have all treatments readily available to them.

Basic Needs Services - DSWC patients can also benefit from Davis Street Family Resource Center’s basic needs services, which include emergency food services, clothing, child care, and assistance with housing, employment, utilities, and transportation.

Alternative Medicine - To provide our patients looking for a more holistic approach to treatment, DSWC will contract with local San Leandro-area alternative health and healing providers to provide “Eastern” medicinal healing methods, such as acupuncture, yoga, and chiropractic services.

## **2.A.iv Quality Assurance, Product Safety, and Labeling**

Quality Assurance, Product Safety, and Product Labeling are vital components of the medical *Cannabis* industry because patients with compromised immune systems often utilize medical *Cannabis* to improve their conditions. As such, the medicine must be safe and free of contaminants to prevent further complications to patients with already weakened health. Too often, this medicine that they rely on to provide treatment or relief contains mold, bacteria, pesticides, or other harmful concerns. One of the most attributable causes is the lack of quality control when cultivating, processing and distributing *Cannabis*.

DSWC has engaged CW Analytical Laboratories<sup>§</sup> to develop our quality assurance program. CW Analytical has been developing and implementing science-based quality standards since 2008, enabling its clients to provide the cleanest, safest, and most effective medicine to patients in need. DSWC will implement the integrated Quality Assurance Plan developed by CW Analytical to ensure that we too can provide the cleanest, safest, and most effective *Cannabis*-based medicines possible. As part of this plan every product will be tested by CW Analytical Laboratories prior to distribution. Only products that pass our strict Quality Specifications will be dispensed. Test results will be clearly labeled on our packaging so every patient knows his or her medicine is safe for consumption. The protocols described below will allow for high-quality medical products that are free of molds, bacteria, pests, heavy metals, and harmful pesticides.

### **2.A.iv.1 Testing for the Presence of Mold, Bacteria, or Other Contaminants**

Laboratory testing will be performed by our independent laboratory partner, CW Analytical Laboratories, and will focus on three basic goals: 1) ensuring product safety, 2) optimizing horticulture and production practices, and 3) research and development of new products. Ensuring product safety will be the top priority for laboratory testing. A letter of engagement from CW Analytical Laboratories is included as Exhibit 15.

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<sup>§</sup> Founded in 2009, CW Analytical is the preeminent California-based laboratory specializing in *Cannabis* science.

As part of our Quality Assurance Plan DSWC will require laboratory testing be performed regularly by our production partners and independent vendors. A description of the required laboratory tests is given in Exhibit 16. Each test must pass the strict Quality Specifications listed in Exhibit 17.

DSWC acknowledges that vendors might use third-party laboratories other than CW Analytical Laboratories as part of their in-house quality program. These vendors will be held to the same Quality Specifications as all others (Exhibit 17) and DSWC will spot-test products from these vendors to ensure compliance with our Quality Specifications.

A hold will be placed on products during the laboratory testing process. Products will be held on-site until laboratory results are released and the products are determined to be suitable for distribution. Suitability for distribution is defined by the Quality Specifications listed in Exhibit 17.

### **2.A.iv.1.1 Record Keeping**

DSWC will keep detailed records documenting the results of all quality testing. Acceptable records include a Quality Tested Certificate (Exhibit 18) or a Certificate of Analysis (Exhibit 19) from CW Analytical Laboratories. DSWC will accept lab results from other independent laboratories on a case-by-case basis. Duplicate samples will be submitted to CW Analytical Laboratories to ensure consistency of results between laboratories. Records will be linked to product inventory by BioTrackTHC-generated unique identifiers.

### **2.A.iv.2 Hygiene Standards**

Cleaning and sanitizing procedures are part of the standard operating procedures for all operations. Product-contact surfaces will be cleaned before and after operations and between shift changes. Additionally, surfaces will be cleaned after contact with potentially hazardous items. Employees must wash their hands with warm water and anti-bacterial soap after eating, smoking, or using the restroom before returning to operational areas. Employees must wear hairnets and/or hats, facemasks, shoe covers, and gloves during packaging operations.

Operational areas will be easy to clean and maintain by using appropriate, durable finishes for each functional space; careful detailing of finishes to avoid hard-to-clean crevices; adequate and appropriately located maintenance spaces; and incorporation of antimicrobial surfaces. Vanguard Cleaning Systems will provide janitorial services; Vanguard specializes in Safe Cleaning Practices for laboratories and clinics and provides HIPAA protection of any confidential records crews may incidentally contact.

### **2.A.iv.3 Packaging and Labeling**

All of our packaging materials will resemble medical-grade packaging. Each package will have a tamper-evident seal that will alert our staff and patients if it has been tampered with or cannot be trusted. Each package will have a tracking number so staff or patients may call our customer service line to inquire about any of our products. Packaging will be child-resistant and designed to NOT appeal to minors. At a minimum, products will be packaged in plastic that is four millimeters in thickness and heat-sealed without an easy-open tab, dimple, corner or flap so that it is difficult for a child to open. All products dispensed by DSWC will include a Products Fact Panel (Exhibit 20) that discloses product potency (THC & CBD content), nutritional information, allergen warnings, and consumption advice. This information will allow patients to make educated decisions when selecting their *Cannabis*-based medicines.

## **2.B Management and Advisory Teams**

Davis Street Wellness Center has formed world-class management and advisory teams with decades of combined experience in science and technology, public health, government relations, social services, finance,

infused product development, and dispensary operations. With the cumulative experience and diverse expertise of our Management and Advisory Teams, DSWC will be at the forefront of patient care, *Cannabis* science, community service, and good business practices. Our organizational structure is illustrated in Exhibit 21. **Critical changes to DSWC’s organizational structure are disclosed in Exhibit 22.**

### **2.B.i Board of Directors**

The Board of Directors is the governing arm of DSWC. As such, the Board is ultimately responsible for overseeing all aspects of the organization, including but not limited to compliance, finance, patient services, community relations, and community services. The Board of Directors will receive input and guidance from the Advisory Board, state and local regulators, and community stakeholders. The Board of Directors will provide direction to the Operations Team. Board of Director biographies are included in Exhibits 23-26.

The Board of Directors consists of four highly qualified individuals, each with strong Bay Area ties. Our President/CEO, Dr. John J. Oram, PhD, is a Bay Area native with over eight years of Cannabis industry experience, expert knowledge of Cannabis science as it relates to product development and quality assurance, a proven track record of entrepreneurship, and extensive experience working with state and local governments on complex issues. Our Treasurer/CFO, Mr. Nico S. Enea, is a Bay Area native with four years experience in corporate finance and business development. Our Director of Community Services, Mrs. Rose Padilla Johnson, is an active San Leandro businesswoman and community member with decades of commitment to social services. Our Director of Government Relations, Mr. Gordon Galvin, is a long-time member of the San Leandro community who has served San Leandro in local government capacities and has helped bring countless jobs to this city.

### **2.B.ii Operations Team**

The Operations Team is responsible for managing the day-to-day activities of DSWC, including inventory management, patient services, patient compliance, security, cash management, and human resources. The Operations Team will report directly to and receive guidance directly from the Board of Directors.

Our Operations Team currently consists of an interim Chief Operations Officer, Mr Nico Enea, and a General Manager, Mr. Michael Cavalli. Mr Enea is on the DSWC Board of Directors and will fill the COO role until operations are stabilized. Mr. Michael Cavalli, is a Bay Area native with over four years experience in the *Cannabis* industry providing back-office support, marketing, sales, and customer service for local cultivators, dispensaries, and delivery services. Mr. Cavalli is currently the General Sales Manager for CCSAC INC, a Bay Area cultivation and production collective with statewide distribution. Mr. Cavalli has an excellent working knowledge of *Cannabis* and *Cannabis*-infused products and is able to effectively communicate that knowledge to colleagues and patients.

### **2.B.iii Advisory Board**

Our Advisory Board consists of PhDs, registered pharmacists, a corporate attorney, community members, and a policy analyst with significant medical *Cannabis* experience. The Advisory Board is tasked with providing information and guidance to the Board of Directors. The Advisory Board will meet regularly to discuss the evolving needs of DSWC and to provide non-binding strategic advice to the Board of Directors. The combined accredited academic and experiential knowledge of our Advisory Board will enable DSWC to provide *Cannabis*-based medicines and patient services that are second to none. Cutting edge *Cannabis* science will be combined with culturally sensitive, progressive, and forward-thinking informational materials that will help educate the San Leandro community on the benefits and risks of medical *Cannabis*. Through this unique collaboration — to our knowledge the first of its kind — DSWC will not only be able to improve access to medical *Cannabis*, but will do so in a way that puts emphasis on real information and genuine public health outcomes. Initial Advisory Board members are listed in Exhibit 27.



## **2.C Public Safety**

DSWC's security plan includes elements to provide physical security of the facility and surrounding neighborhood, operational security for both employees and patients, and security of product inventory. DSWC's Chief Operating Officer and General Manager will serve as the primary points of contact with our security consultants, contractors, and the Police Department. The COO and GM will conduct training, inspect and maintain all security devices, and manage security guards at each facility. Unarmed, uniformed guards hired for their security or law enforcement backgrounds will be licensed and registered. Guards will observe facility operations and premises and report suspicious activity. A guard will be present at all times during business hours to walk the perimeter, monitor surveillance, and verify all persons wishing to enter.

**2.D Compliance With Medical Marijuana Regulation and Safety Act (MMRSA)**

At all times, DSWC will comply with all state and local laws relevant to medical Cannabis business activities. MMRSA, passed by the state legislature and signed by the governor in 2015, creates a

comprehensive framework that will regulate the commercial medical Cannabis supply chain from seed to sale, across 17 distinct types of licenses. While MMRSA technically became law on January 1, 2016, many of its requirements mainly become operative once the state promulgates specific rules and regulations and begins issuing licenses, which is expected to begin in 2018.

Prior to full implementation of MMRSA, DSWC will operate consistent with the requirements of Proposition 215 (“The Compassionate Use Act”) and Senate Bill 420 (“The Medical Marijuana Program Act”). Namely, DSWC is organized as a not-for-profit collective that will operate pursuant to Health and Safety Code Section 11362.775 and consistent with the 2008 Attorney General Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use.

DSWC will seek state licensure as soon as the state begins accepting applications. If granted a permit from the City of San Leandro, DSWC will be able to continue its operation while the state processes its application in 2018, per Business and Professions Code Section 19321(c), which states, "...a facility or entity that is operating in compliance with local zoning ordinances and other state and local requirements on or before January 1, 2018, may continue its operations until its application for licensure is approved or denied pursuant to this chapter.”

DSWC will closely track MMRSA rules and regulations as they are promulgated by the various agencies tasked with issuing licenses and regulating licensee activity (including, but not limited to, the Bureau of Medical Marijuana Regulation, the Department of Consumer Affairs, the Department of Public Health, the Board of Equalization, and the Department of Food and Agriculture) in order to ensure compliance at all times. DSWC is committed to ensuring its business practices comply with all relevant state rules and regulations as they are developed and will implement operating procedures consistent with new rules.

Until such a time that Type 11 Distributors begin operating under the state licensing system and assume sole responsibility for referral of products to an independent Type 8 Testing Laboratory prior to distribution to Type 10 Dispensaries, DSWC will ensure that its products are tested prior to sale consistent with Business and Professions Code Section 19326(d), which requires that dried flower, “be tested for concentration, pesticides, mold, and other contaminants,” and Cannabis extracts, “be tested for concentration and purity of the product.” Additionally, DSWC will require that the testing laboratories it refers products to provide a certificate of analysis that meets the reporting requirements of Business and Professions Code Section 19344. DSWC will ensure that all products it sells will be packaged and labeled consistent with the requirements of Business and Professions Code Section 19347. Finally, if required to maintain state compliance DSWC partners will divest interest in any Cannabis testing laboratories upon implementation of state regulations.

## **2.E Conflict With Federal Requirements**

DSWC and the Davis Street Family Resource Center are two distinctly different and legally separate corporate entities with separate business operations. The overlap between the two organizations is limited to DSWC’s Community Benefits Program: Davis Street Family Resource Center is the provider of DSWC’s Community Benefits Program. The overlap of two executive board members will help ensure the long-term stability of two independent organizations with common goals. The Davis Street Family Resource Center has obtained a confidential legal opinion and a non-confidential letter (Exhibit 31) in regards to this matter.

## **2.F Mergers and Acquisitions**

DSWC has not had any mergers or acquisitions since its inception in 2015. DSWC does not have any plans for mergers or acquisitions in the foreseeable future.



## **Section 3**

# **Siting Plan**

## 3 Siting

DSWC has identified two potential locations for our proposed facility and have secured both locations through lease options. The potential sites are (i) 765-767 Marina Boulevard (the “Marina Location”) and (ii) 1244 Doolittle Drive (the “Doolittle Location”).

### 3.A Zoning Requirements

#### 3.A.i Marina Location

The Marina Location is an 8,200 sq-ft freestanding, wood-framed, stucco structure with ample ingress and egress ideally situated for a retail facility (Exhibit 32). It is zoned IG(S) and has 20 Code-compliant parking spaces in a gated lot with the option for additional employee parking on a gated private lot across the street.

According to San Leandro’s *Eligible Locations for One Medical Marijuana Dispensary Map* \*\* the subject property appears to be located directly adjacent to an approved property but may not actually be an approved property in its own right. Upon further examination of the Marina Location it is evident that the site is approximately 970 feet from the northwestern corner of the Boys and Girls Club of San Leandro parking lot (Exhibit 33). DSWC believes the subject property to be a viable option, as it will not impact the peace, order, and welfare of the public. Per San Leandro Municipal Code 4-33-200(d)(1) the City has the authority to exempt the subject property if it is deemed to “not impact the peace, order, and welfare of the public.”

An analysis of parking requirements indicates that the Marina Location has ample parking with inclusion of the off-site gated employee parking.

Use Category	Size (SF)	Required Ratio	Required Spaces
Sales Floor	2,455	1:200	12
Processing	1,577	1:750	2
Office	4,158	1:300	14
Total	8,190		28

#### 3.A.ii Doolittle Location

The Doolittle Location is a 2,600 sq-ft freestanding, metal-framed structure with ample ingress and egress that will require significant development efforts to configure for retail suitability (Exhibit 34). It is zoned IG and has 17 Code-compliant parking spaces in a gated lot.

According to San Leandro’s *Eligible Locations for One Medical Marijuana Dispensary Map* the subject property is eligible for a Medical Marijuana Dispensary (Exhibit 35).

An analysis of parking requirements indicates that the Doolittle Location has ample parking on site.

Use Category	Size (SF)	Required Ratio	Required Spaces
Sales Floor	1,300	1:200	7
Processing	600	1:750	1
Office	700	1:300	2
Total	2,600		10

\*\* <https://www.sanleandro.org/civicax/filebank/blobdload.aspx?BlobID=15253>

## 3.B Minimizing Negative Impacts

DSWC has developed a comprehensive plan to mitigate and minimize secondary impacts anticipated from the proposed facility. Our Green Action Plan addresses energy efficiency, green building practices, sustainable sourcing of products, zero waste, green materials procurement, and water conservation. We will employ a Good Neighbor Policy to address noise, odor, increased foot and vehicle traffic, and public safety.

### 3.B.i Energy and Water Conservation

DSWC will work with the Business Energy Solutions Team program to audit and then retrofit the proposed site. We expect very little HVAC utilization and minimal need for refrigeration and so the initial retrofit will focus on the interior and exterior lighting at the site. DSWC expects that these retrofits will increase the energy efficiency of the building by 10-15%. DSWC will monitor monthly electricity bills from PG&E for six months after occupancy to establish a baseline for average monthly energy use prior to consulting with local solar contractor to install solar panels.

Cannabis production in the state of California has traditionally been undertaken indoors, accounting for as much as 3% of the state's energy usage. As a step towards sustainable cultivation DSWC will source a selection of sun-grown products from verified vendors and will encourage our indoor vendors to minimize their energy and water consumption through efficient facilities design and carbon offsets. DSWC will offer rebates and preferred purchasing for vendors that implement verifiable energy and water conservation measures and/or purchase carbon offsets.

### 3.B.ii Zero Waste Plan

DSWC has set a goal of 80% diversion with a stretch goal of 100% diversion in the first three years of business. DSWC will re-assess its policies and procedures at three, six and eighteen months to support progress towards the three-year zero waste goal. The composition of the waste stream will be analyzed at each of these benchmark intervals to determine necessary adjustments. We intend to satisfy the initial 80% goal by employing the following measures:

- Vendors will be encouraged to deliver their product in reusable packaging
- Our in-house eco-friendly packaging will be locally sourced, and easily recycled or reused
- Vendors who offer green packaging will be offered rebates and given preferred purchasing
- Patients will receive discounts for returning reusable packaging to the MCD
- Cashiers will bag products in compostable bags

DSWC will set up the color coded infrastructure required to sort and track waste, and all employees will be educated regarding our waste management best practices.

### 3.B.iii Green Building and Materials Procurement

DSWC will be performing significant tenant improvements prior to opening for business. The team will work with the contractor executing the improvements to ensure that the project complies with the California Green Building Standards Code (Part 11 of Title 24). In addition to the lighting retrofits outlined in the energy efficiency section above, the team will focus on techniques and technologies that will assure additional energy and water efficiency and a safe and comfortable indoor environment.

When a “green” option for a product exists (non-toxic, recycled content, recyclable or reusable, compostable or digital version) DSWC will give it preference over non-green alternatives. This procurement preference will apply to all materials used in the business from office paper and pens to packaging for merchandise.

### 3.B.iv Increased Foot and Vehicle Traffic

Increased foot and vehicle traffic is a likely result of any successful retail facility. Each of our proposed locations is ideal for increased vehicle traffic as it will be located along a main transportation artery in San Leandro with two lanes of travel in each direction with a turning lane in the middle. The overall percentage increase in vehicle traffic load will be minimal for an already well-traveled road. Our well-lit, large parking lot will ensure that patients will always have room to turn off the street quickly to avoid traffic backups.

DSWC's proposed Marina Location is conveniently situated near the San Leandro Bart Station and several bus lines. This easy access to public transportation will keep vehicle traffic increases to a minimum. Once on the proposed property, our building entrance is in the parking lot, not on the main sidewalk. Security guards will monitor loitering, and our interior entrance vestibule is large enough to ensure no patients will need to wait outside.

### **3.B.v Increased Public Safety**

Medical Cannabis dispensaries have a documented history of reducing crime in the surrounding territory. DSWC intends to ensure that our state-of-the-art security system, which will monitor the surrounding neighborhood for 100-ft in every direction, has this positive effect on the community. In addition to 24/7 camera surveillance, onsite security will arrive before and leave after regular business operation hours, and will make random patrols off-hours. See Section 2.C for discussion of our Public Safety and Security Plan.

### **3.B.vi Good Neighbor Policy**

In addition to the efforts described below, a Good Neighbor Policy will be communicated to all employees and patients to ensure a positive impact on the local environment and a positive relationship with our neighbors. A copy of our Good Neighbor Policy is included as Exhibit 15.

#### **3.B.vi.1 Noise Control**

Potential noise sources include the internal operation of the DSWC as well as exterior noise resulting from patient arrivals and departures. Familiarity with our Good Neighbor Policy will encourage our patients to minimize noise around the property exterior, and as a failsafe our front door employee will always be present to remind patients to maintain considerate noise levels, and if required offer warnings for car stereo noise, honking, tire screeching, or yelling.

#### **3.B.vi.2 Odor**

DSWC is committed to minimizing odor from our proposed facility and has made significant design considerations to this end. The key to odor mitigation is to control how and where air exits the facility. Our facility will utilize a negative pressure HVAC system that continuously brings air into the building to eliminate rogue venting and then intentionally vents it to the exterior after running it through a series of molecular filters including pre-filters, HEPA filters, and Carbon Filters. This system has a verified performance record in the industry of eliminating exterior odors. In addition to this measure our floor layout provides exit vestibules designed to act as "clean air" buffers between cannabis handling rooms and the exterior environment. These vestibules, as well as the rest of the building, will be equipped with carbon air scrubbers to further reduce odor. The most important aspect of our odor control plan is to regularly communicate with and actively respond to our neighbors to quickly address any concerns they might have.



## **Section 4**

# **Community Benefits**



## 4 Community Benefits

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DSWC's entire reason for existence is as a benefit to the community. We see our service as a *Community Benefit* for people in need of a safe environment to obtain prescription cannabis. We, therefore, take our community benefit imperative very seriously.

The Community Benefit Program of Davis Street Wellness Center (DSWC) will operate under the aegis of a **Community Advisory Board** which consists of Emily Griego, Interim President and CEO of the San Leandro Chamber of Commerce; Bernard Ashcraft, CEO and Founder of the Bay Area Business Roundtable; Robert Glotch, Executive Director of the Boys and Girls Club of San Leandro; and Surlene Grant, Principle at Envirocom Communications. The Board will serve as both an advisory body and sounding board for Davis Street Wellness Center's Board of Directors on planning issues, neighborhood issues and other community benefits activities. This Advisory Board will serve to strengthen the communication DSWC has with residents and the City, provide feedback on our programs, and help to identify strategies and actions for addressing community concerns.

DSWC intends to bring a high quality, well-administered, respectable medical *Cannabis* facility that prides itself on fitting in with and enriching the local culture of the city. DSWC has partnered with San Leandro's premier social service provider, the Davis Street Family Resource Center (Davis Street; DS). Davis Street's primary care clinic offers medical, dental and behavioral health services, child development programs, and aid and services to the community's homeless and low-income families among other things, greatly enhancing the quality of life for all residents of the city.

### 4.A A True Partnership: DSWC and Davis Street

The partnership between DSWC and Davis Street will open up Davis Street's many services to DSWC patients. A state-certified medical and behavioral health provider with an office at Davis Street will be available to DSWC's patients to help diagnose, counsel, advise, and educate on medicinal *Cannabis* treatments. Davis Street's other services, such as counseling, legal assistance, substance abuse classes, and additional therapies will all be made available to DSWC patients as well, thereby providing an unparalleled combination of customer service, care, and support. We will offer a sliding fee scale to low-income patients seeking relief through cannabis remedies. Our shared belief in the healing medicinal properties of legally recommended *Cannabis* and passion for education and social services will ensure the City of San Leandro sees the overwhelming benefits of welcoming an organization such as our own into the community.

DSWC will contribute financial and human capital to Davis Street, consistently aiding one of the most respected and utilized charity organizations in San Leandro. Davis Street has unique expertise de-stigmatizing and humanizing issues that directly impact the overall well being of our community members. This requires a delicate balance of honoring multiple perspectives while moving towards a common goal of wellness. This skill set will be a must as we embark on provided this much-needed medical Cannabis service to our community.

By helping Davis Street stabilize its operating budget, DSWC will make the community a better place, enabling this organization to do what it does best: give back. To ensure the integrity and longevity of our Community Benefits Program, DSWC has included two senior members of Davis Street on the Board of Directors of DSWC; Rose Padilla Johnson and Gordon Galvin will serve as DSWC's Director of Community Services and Director of Government Relations respectively. Having board members who are born and raised in San Leandro, own businesses in San Leandro, and are actively involved in making the city a better place will give DSWC the invaluable local perspective that will ensure we fulfill our goal of enriching the community.

## 4.B Primary Program Elements

Based on a funding strategy that will initially depend on the number of patients we serve over the course of a month, DSWC will support the following primary program elements: (1) funding the Basic Needs programs: food, clothing, utility and housing assistance, case management and ancillary programs such as the Holiday Food and Toy program, the Bikes for Tykes and the back to school homeless children shoe giveaway (2) funding for the Community Counseling Program at the resource center and in the middle and high school, (3) an annual Community Dialogue about medical *Cannabis* and DSWC's provision of services, and (4) funding for broad community services outside of Davis Street.

As we have mentioned in our last application, the Davis Street Family Resource Center (Davis Street Community Center, Inc.) will be the primary recipient of our community benefits program. These funds will be granted to Davis Street with no restrictions; we want Davis Street to be able to use those funds where needed most. These funds will be used to support the overall program focusing on unfunded needs, reducing Davis Street's need for reliance on City support, and reducing the need for constant fund-raising for programs. These funds will help the resource center move forward with their new campaign to address homelessness.

### 4.B.i Basic Needs Program

The Basic Needs program provides thousands of individuals, families and seniors with – emergency food, clothing and other resources. The food pantry provides a healthy mix of groceries designed to last up to 5 days. In addition to the food and clothing programs, Davis Street provides assistance with housing, job placement and utility assistance. The Basic Needs program also includes seasonal programs, like the holiday basket program; providing a complete holiday meal and new age appropriate toys to 1,000 families in our service area. Each summer the program hosts a free immunization day; a backpack and shoe giveaway, providing students with a new backpack filled with school supplies and a pair of new shoes to begin the school year; free dental screenings for children. Clients accessing the Basic Needs program also receive linkages to other Davis Street programs including: childcare, healthy eating and meal preparation classes, counseling and primary care.

DSWC estimates that approximately \$115,000 will be contributed annually to fund Basic Needs (see line 59 of Exhibits 1-3).

### 4.B.ii The Bill McCammon Community Health Center

Davis Street's Bill McCammon Community Health Center, provides comprehensive medical and dental care for low-income clients. Since the Health Center's inception a new population of clients has been seeking services: the homeless and unsheltered. This population has some unique health and social service needs, and Davis Street has launched a new Homeless Medical Clinic to comprehensively address the multiple needs of this population that increasingly include Vets and severely mentally ill individuals with a one-stop approach to meet both health and social service needs. While various insurance programs could cover this population, because of their levels of disenfranchisement they usually present at the Health Center as uninsured patients. Rarely does this population follow-up with potential insurers after their appointments in order to become insured, thus, providing care to homeless – individuals and families who are very much in need – results in Davis Street providing free, or unreimbursed, care.

The Clinic provides urgent care, health education, smoking cessation, and substance abuse screenings to any individual, whether insured or not, who seeks services during the day of the special clinic. All primary care clients are screened for substance abuse risk factors and linked to the appropriate culturally relevant intervention or prevention services. While it is the hope of Davis Street that these individuals eventually will become plugged into multiple social services that may be available to them, the focus will be

on treating acute and chronic conditions while they have the patient in the clinic. With the support of DSWC, Davis Street will be able to serve more patients without concern about their ability to pay.

DSWC's Community Benefits contribution to Davis Street's Basic Needs Program will free up funds that can help grow the Bill McCammon Community Health Center Homeless Medical Clinic.

#### **4.B.iii Community Counseling Program**

Affordable community counseling can help individuals and families handle the natural ups and downs of life, make positive choices, improve relationships, and discover growth toward their potential. Our counseling program is a very important component of Davis Street's goal of helping clients maintain physical health and richer well-being. Davis Street's Community Counseling (Behavioral Health) Services are offered to children beginning at age 3, adolescents, adults, and older adults. We are currently providing Behavioral Health Services at McKinley Elementary School, James Monroe Elementary School, Bancroft Middle School, John Muir Middle School, San Leandro High School, and the 9th Grade Korematsu Campus. This program operates exclusive of the Federally Qualified Health Center, supported by grants and fees.

#### **4.B.iv Substance Abuse Prevention and Treatment Program for Youth**

For 12 years, Davis Street has been working with middle- and high-school aged youth through the provision of substance abuse prevention and treatment services. Davis Street currently operates in Bancroft Middle School and San Leandro High School in addition to individualized substance abuse treatment services provided at the Teagarden Street campus. One change to the current curriculum used by Davis Street will be to add a discussion about the use and abuse of marijuana. This new component will be available to all San Leandro middle- and high-school students.

DSWC's Community Benefits contribution to Davis Street will be used to support the expansion of the Substance Abuse Prevention and Treatment Program for Youth through increased services and the hiring of additional counselors. DSWC estimates that approximately \$30,000 will be contributed annually to the Community Counseling Program (see line 60 of Exhibits 1-3).

#### **4.B.v Hosting of Annual Community Dialogue**

As part of the on-going community education process about the value, need and efficacy of medical *Cannabis*, DSWC will host an annual open dialogue with the community to answer any questions and address potential concerns of individuals and businesses who are both proximate to our facility, as well as members of the larger San Leandro community. Rose Padilla Johnson, CEO of Davis Street and Director of Community Benefits for DSWC will facilitate this Community Dialog.

DSWC is in a unique position to be able to provide a comprehensive community dialogue on medical *Cannabis*; our *Cannabis*-science partners at CW Analytical are industry leaders in quality assurance and are regular speakers at *Cannabis*-science conferences; our advisory board are voices from the business, non-profit and consumers ensuring local input and our community partners at Davis Street are embedded in and in tune with the San Leandro community. Together, we are able to provide a unique and thought-provoking dialogue on *Cannabis*-based medicines that includes years of scientific research on *Cannabis* products and analysis of patient testimonials and use patterns. Additionally, DSWC will coordinate with Stepping Stones

Growth Center<sup>††</sup>, now a subsidiary of Davis Street, to integrate job development and vocational training into our Community Dialogues.

DSWC's Community Benefits contribution to support the annual Community Dialogue is estimated to be approximately \$15,000 annually (see line 61 of Exhibits 1-3).

#### **4.B.vi Broad Community Services**

One of the reasons DSWC selected Davis Street as its primary community benefits partner is because of its knowledge about the San Leandro Community. Davis Street, however, is not the only community benefit recipient. As a new “resident” of San Leandro, DSWC wants to support those initiatives that make San Leandro a great place to live and do business. We will support a drug awareness campaign in all Junior High and the High Schools. The key to decreasing and eliminating illegal drug use among young people is education. We want to support knowledge awareness of the difference between recreational cannabis use and the medicinal use of this product. Through educational programs in the schools, and a public awareness campaign with posters, messaging on buses and BART, we want to lead the discussion around the appropriate use of all medications, not just cannabis.

We intend to support the entire community with which we plan to have a longstanding relationship. There will be additional programs and activities that we want to shore up, but to insure the impact of that support, we will ask Davis Street to recommend additional benefits partners through an annual vetting process that will donate up to 5% of revenues – in addition to the funding committed directly to Davis Street – to those additional San Leandro organizations and events. In this way, we can support the arts, academic and recreational programs that are not a part of the formal service array of Davis Street.

To further underscore our intention to become part of the rich fabric of San Leandro we want to become more than a good neighbor. Once we have been awarded the license, we want to become a catalyst for neighborhood transformation by working to enhance the business corridor in which we are located. This would include creating a Safe Neighborhoods Zone whereby we seek to mitigate any potential crime in the area. Finally, DSWC will “adopt” the area surrounding our Dispensary, working in partnership with the City of San Leandro, other merchants in our area, and local residents, taking responsibility for keeping the street, sidewalk, and storm drains clean. We want to support a cleaner, more pleasant environment for everyone who lives, works and shops in area surrounding our Dispensary.

We believe our model is aligned with the Davis Street mission to reach the most disenfranchised. We believe this partnership between DSWC and Davis Street will enable us to reach and support those organizations and groups that may not be formal enough to apply for traditional city or county funds, and nevertheless offer services to the community. Our net is broad; by funding the Arts Commission, the Downtown Business Improvement District and the Cherry Festival we are reaching out to community improvement and quality of life programs and endeavors together with the direct services provided by Davis Street, the DSWC - Davis Street partnership will improve the quality of life of all San Leandro residents.

#### **4.C Local Jobs**

In addition to the Primary Program Elements discussed above, DSWC will provide an added Community Benefit of local job creation. DSWC will preferentially hire local San Leandro residents. We will work closely with our partners and Stepping Stones Growth Center to identify and educate local individuals for employment and the proposed facility.

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<sup>††</sup> Stepping Stones Growth Center is a San Leandro based not for profit social services agency providing both group placement and individual jobs for hundreds of consumers. <http://www.steppingstonesgrowth.org>

## 4.D Environmental Benefits

DSWC is committed to minimizing and mitigating the environmental impact of the proposed dispensary. The Green Action Plan for the proposed dispensary will take a comprehensive approach, addressing energy consumption, green building practices, sustainable sourcing of materials, sustainable transportation, a zero waste plan, and a Good Neighbor Policy. These items are discussed in Section 3.B.



## **Section 5**

## **References**

## 5 References

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The following individuals are officials or currently employed staff from public agencies who are acquainted with the team's experience in dispensing medical cannabis and related products.

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Name and Address	Title/Affiliation
<b>Mark Friedman</b> City of El Cerrito 10890 San Pablo Ave El Cerrito, CA 94530-2323	Councilmember, City of El Cerrito
<b>Bill Lockyer</b>	Former CA Attorney General; Former Chair of Senate Judiciary Committee; Former State Treasurer; State Senate President Pro Tem 1994-1998; San Leandro Unified School District Board Member
<b>Don Perata</b>	President Pro Tempore CA State Senate 2007-2008; CA State Assemblyman District 16; Alameda County Board of Supervisors;
<b>Larry Reid</b> Oakland City Hall One Frank Ogawa Plaza 2 <sup>nd</sup> Floor Oakland, CA 94612	Vice Mayor, Councilmember City of Oakland District 7
<b>Greg Minor</b> Oakland City Hall One Frank Ogawa Plaza 2 <sup>nd</sup> Floor Oakland, CA 94612	Assistant to the City Administrator – Special Permits and Nuisance Abatement
<b>Stephen Cassidy</b>	Former Mayor, City of San Leandro

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## Exhibits



# Exhibit 1 – Projected Income & Expenditures Year 1 (2016)

Line #		2016			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Revenue</b>					
1	Assumption: Patients Per Day 15% Growth Rate	0	0	0	250
2	Assumption: Avg Sale 1% Qtr Decrease	\$ -	\$ -	\$ -	\$ 65,000
3	Assumption: Operational Days Per Qtr	0	0	0	78
Product Sales % of Sales					
4	Flowers 45%	\$ -	\$ -	\$ -	\$ 570,375
5	Preparations 20%	\$ -	\$ -	\$ -	\$ 253,500
6	Edibles 15%	\$ -	\$ -	\$ -	\$ 190,125
7	Extracts 10%	\$ -	\$ -	\$ -	\$ 126,750
8	Clones 6%	\$ -	\$ -	\$ -	\$ 76,050
9	Devices 3%	\$ -	\$ -	\$ -	\$ 38,025
10	Books 1%	\$ -	\$ -	\$ -	\$ 12,675
11	Total Product Sales 100%	\$ -	\$ -	\$ -	\$ 1,267,500
12	Sales Discounts 2%	\$ -	\$ -	\$ -	\$ (25,350)
13	<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,267,500</b>
<b>Cost of Goods Sold</b>					
14	Assumption: Product Markup				80%
Products % of Products					
15	Flowers 45%	\$ -	\$ -	\$ 55,688	\$ (316,875)
16	Preparations 20%	\$ -	\$ -	\$ 24,750	\$ (140,833)
17	Edibles 15%	\$ -	\$ -	\$ 18,563	\$ (105,625)
18	Extracts 10%	\$ -	\$ -	\$ 12,375	\$ (70,417)
19	Clones 6%	\$ -	\$ -	\$ 75	\$ (42,250)
20	Devices 3%	\$ -	\$ -	\$ 3,750	\$ (21,125)
21	Books 1%	\$ -	\$ -	\$ 1,238	\$ (7,042)
22	Total Products Costs 100%	\$ -	\$ -	\$ (123,750)	\$ (704,167)
23	Packaging	\$ -	\$ -	\$ (1,250)	\$ (7,042)
24	<b>Total Cost of Goods Sold</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (125,000)</b>	<b>\$ (711,208)</b>
<b>Gross Income</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ (125,000)</b>	<b>\$ 556,292</b>
<b>Expenses</b>					
San Leandro Business Licenses & Fees					
25	SL Dispensary License Fee	\$ -	\$ -	\$ (60,000)	\$ -
26	Gross Business License Fee (9%)	\$ -	\$ -	\$ -	\$ (114,075)
27	<b>Total Business Licenses &amp; Fees</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (60,000)</b>	<b>\$ (114,075)</b>
Employee Expense					
28	Board of Directors	\$ -	\$ -	\$ -	\$ -
29	Management Payroll	\$ -	\$ -	\$ -	\$ (39,312)
30	Staff Payroll	\$ -	\$ -	\$ -	\$ (211,302)
31	Payroll Taxes (9%)	\$ -	\$ -	\$ -	\$ (22,555)
32	Employment Benefits (7.5%)	\$ -	\$ -	\$ -	\$ (18,796)
33	Workers Compensation (2.3%)	\$ -	\$ -	\$ -	\$ (5,764)
34	Training & Education (2%)	\$ -	\$ -	\$ (10,000)	\$ (5,012)
35	<b>Total Employee Expense</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10,000)</b>	<b>\$ (302,742)</b>
Insurance					
36	Liability & Property	\$ -	\$ -	\$ -	\$ (1,200)
37	<b>Total Insurance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,200)</b>
Rent & Building Expense					
38	Rent & Triple Net charges	\$ -	\$ -	\$ -	\$ (21,000)
39	Repairs & Maintenance	\$ -	\$ -	\$ -	\$ (1,500)
40	Utilities	\$ -	\$ -	\$ -	\$ (3,000)
41	<b>Total Rent &amp; Building Expense</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (25,500)</b>
Security					
42	Guards (10% annual increase)	\$ -	\$ -	\$ -	\$ (39,420)
43	Security System Monitoring	\$ -	\$ -	\$ -	\$ (2,500)
44	Armored Car Service	\$ -	\$ -	\$ -	\$ (1,500)
45	<b>Total Security Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (43,420)</b>
Other Expenses					
46	Network Expense	\$ -	\$ -	\$ -	\$ (1,000)
47	Office Supplies	\$ -	\$ -	\$ -	\$ (2,000)
48	Printing & Postage	\$ -	\$ -	\$ -	\$ (500)
49	Legal & Professional Fees	\$ -	\$ -	\$ -	\$ (4,000)
50	Telephone Expense	\$ -	\$ -	\$ -	\$ (300)
51	Dues & Subscriptions	\$ -	\$ -	\$ -	\$ (400)
52	Advertising & Marketing	\$ -	\$ -	\$ -	\$ (3,500)
53	Application Related Expenses	\$ (15,913)	\$ (7,000)	\$ -	\$ -
54	<b>Total Other Expenses</b>	<b>\$ (15,913)</b>	<b>\$ (7,000)</b>	<b>\$ -</b>	<b>\$ (11,700)</b>
55	<b>Total Expenses</b>	<b>\$ (15,913)</b>	<b>\$ (7,000)</b>	<b>\$ (70,000)</b>	<b>\$ (498,637)</b>
56	<b>EBITDA</b>	<b>\$ (15,913)</b>	<b>\$ (7,000)</b>	<b>\$ (195,000)</b>	<b>\$ 57,655</b>
57	<b>Depreciation and Amortization</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
58	<b>Operating Income (EBIT)</b>	<b>\$ (15,913)</b>	<b>\$ (7,000)</b>	<b>\$ (195,000)</b>	<b>\$ 57,655</b>
Community Benefits Program					
59	Davis St. Basic Needs Fund	\$ -	\$ -	\$ (50,000)	\$ -
60	Davis St. Behavioral Health Program	\$ -	\$ -	\$ (50,000)	\$ -
61	Annual Community Dialogue	\$ -	\$ -	\$ -	\$ -
62	San Leandro Cherry Festival	\$ -	\$ -	\$ (50,000)	\$ -
63	Arts Commission	\$ -	\$ -	\$ (50,000)	\$ -
64	Planning and Business Development	\$ -	\$ -	\$ (50,000)	\$ -
65	Sliding Fee Healthcare Discounts	\$ -	\$ -	\$ -	\$ (19,013)
66	Donation Pool	\$ -	\$ -	\$ -	\$ (1,000)
67	<b>Total Community Benefits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (250,000)</b>	<b>\$ (20,013)</b>
68	<b>Loan Payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
69	<b>Pre Tax Net Income</b>	<b>\$ (15,913)</b>	<b>\$ (7,000)</b>	<b>\$ (445,000)</b>	<b>\$ 37,642</b>
70	<b>California FTB Corporate Tax</b>	<b>\$ 1,407</b>	<b>\$ 619</b>	<b>\$ 39,338</b>	<b>\$ (3,328)</b>
71	<b>Federal Income Tax 280e Allocation</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,891</b>
72	<b>Pre Tax Net Income with 280e Allocation</b>	<b>\$ (15,913)</b>	<b>\$ (7,000)</b>	<b>\$ (445,000)</b>	<b>\$ 104,533</b>
73	<b>Federal Income Tax with 280e Allocation</b>	<b>\$ 2,387</b>	<b>\$ 1,050</b>	<b>\$ 66,750</b>	<b>\$ (35,541)</b>
74	<b>Post Tax Net Income</b>	<b>\$ (12,119)</b>	<b>\$ (5,331)</b>	<b>\$ (338,912)</b>	<b>\$ (1,226)</b>

## Exhibit 2 – Projected Income & Expenditures Year 2 (2017)

Line #	Revenue	2017			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
1	Assumption: Patients Per Day 15% Growth Rate	288	331	380	437
2	Assumption: Avg Sale 1% Qtr Decrease	\$ 64.35	\$ 63.71	\$ 63.07	\$ 62.44
3	Assumption: Operational Days Per Qtr	78	78	78	78
<b>Product Sales</b>					
	% of Sales				
4	Flowers 45%	\$ 649,372	\$ 739,310	\$ 841,704	\$ 958,280
5	Preparations 20%	\$ 288,610	\$ 328,582	\$ 374,091	\$ 425,902
6	Edibles 15%	\$ 216,457	\$ 246,437	\$ 280,568	\$ 319,427
7	Extracts 10%	\$ 144,305	\$ 164,291	\$ 187,045	\$ 212,951
8	Clones 6%	\$ 86,583	\$ 98,575	\$ 112,227	\$ 127,771
9	Devices 3%	\$ 43,291	\$ 49,287	\$ 56,114	\$ 63,885
10	Books 1%	\$ 14,430	\$ 16,429	\$ 18,705	\$ 21,295
11	Total Product Sales 100%	\$ 1,443,049	\$ 1,642,911	\$ 1,870,454	\$ 2,129,512
12	Sales Discounts 2%	\$ (28,861)	\$ (32,858)	\$ (37,409)	\$ (42,590)
13	<b>Total Revenue</b>	<b>\$ 1,414,188</b>	<b>\$ 1,610,053</b>	<b>\$ 1,833,045</b>	<b>\$ 2,086,922</b>
<b>Cost of Goods Sold</b>					
14	Assumption: Product Markup	80%	80%	80%	80%
	% of Products				
15	Flowers 45%	\$ (353,547)	\$ (402,513)	\$ (458,261)	\$ (521,730)
16	Preparations 20%	\$ (157,132)	\$ (178,895)	\$ (203,672)	\$ (231,880)
17	Edibles 15%	\$ (117,849)	\$ (134,171)	\$ (152,754)	\$ (173,910)
18	Extracts 10%	\$ (78,566)	\$ (89,447)	\$ (101,836)	\$ (115,940)
19	Clones 6%	\$ (47,140)	\$ (53,668)	\$ (61,102)	\$ (69,564)
20	Devices 3%	\$ (23,570)	\$ (26,834)	\$ (30,551)	\$ (34,782)
21	Books 1%	\$ (7,857)	\$ (8,945)	\$ (10,184)	\$ (11,594)
22	Total Products Costs 100%	\$ (785,660)	\$ (894,474)	\$ (1,018,358)	\$ (1,159,401)
23	Packaging	\$ (7,857)	\$ (8,945)	\$ (10,184)	\$ (11,594)
24	<b>Total Cost of Goods Sold</b>	<b>\$ (793,516)</b>	<b>\$ (903,419)</b>	<b>\$ (1,028,542)</b>	<b>\$ (1,170,995)</b>
	<b>Gross Income</b>	<b>\$ 620,671</b>	<b>\$ 706,634</b>	<b>\$ 804,503</b>	<b>\$ 915,927</b>
<b>Expenses</b>					
San Leandro Business Licenses & Fees					
25	SL Dispensary License Fee	\$ -	\$ -	\$ (60,000)	\$ -
26	Gross Business License Fee (9%)	\$ (127,277)	\$ (144,905)	\$ (164,974)	\$ (187,823)
27	<b>Total Business Licenses &amp; Fees</b>	<b>\$ (127,277)</b>	<b>\$ (144,905)</b>	<b>\$ (224,974)</b>	<b>\$ (187,823)</b>
Employee Expense					
28	Board of Directors	\$ -	\$ (24,000)	\$ (24,000)	\$ (24,000)
29	Management Payroll	\$ (39,312)	\$ (39,312)	\$ (39,312)	\$ (39,312)
30	Staff Payroll	\$ (211,302)	\$ (211,302)	\$ (211,302)	\$ (211,302)
31	Payroll Taxes (9%)	\$ (22,555)	\$ (24,715)	\$ (24,715)	\$ (24,715)
32	Employment Benefits (7.5%)	\$ (18,796)	\$ (20,596)	\$ (20,596)	\$ (20,596)
33	Workers Compensation (2.3%)	\$ (5,764)	\$ (6,316)	\$ (6,316)	\$ (6,316)
34	Training & Education (2%)	\$ (5,012)	\$ (5,492)	\$ (5,492)	\$ (5,492)
35	<b>Total Employee Expense</b>	<b>\$ (302,742)</b>	<b>\$ (331,734)</b>	<b>\$ (331,734)</b>	<b>\$ (331,734)</b>
Insurance					
36	Liability & Property	\$ (1,200)	\$ (1,200)	\$ (1,200)	\$ (1,200)
37	<b>Total Insurance</b>	<b>\$ (1,200)</b>	<b>\$ (1,200)</b>	<b>\$ (1,200)</b>	<b>\$ (1,200)</b>
Rent & Building Expense					
38	Rent & Triple Net charges	\$ (21,000)	\$ (21,000)	\$ (21,000)	\$ (21,000)
39	Repairs & Maintenance	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)
40	Utilities	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)
41	<b>Total Rent &amp; Building Expense</b>	<b>\$ (25,500)</b>	<b>\$ (25,500)</b>	<b>\$ (25,500)</b>	<b>\$ (25,500)</b>
Security					
42	Guards (10% annual increase)	\$ (43,362)	\$ (43,362)	\$ (43,362)	\$ (43,362)
43	Security System Monitoring	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)
44	Armored Car Service	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)
45	<b>Total Security Costs</b>	<b>\$ (47,362)</b>	<b>\$ (47,362)</b>	<b>\$ (47,362)</b>	<b>\$ (47,362)</b>
Other Expenses					
46	Network Expense	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
47	Office Supplies	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)
48	Printing & Postage	\$ (500)	\$ (500)	\$ (500)	\$ (500)
49	Legal & Professional Fees	\$ (4,000)	\$ (4,000)	\$ (4,000)	\$ (4,000)
50	Telephone Expense	\$ (300)	\$ (300)	\$ (300)	\$ (300)
51	Dues & Subscriptions	\$ (400)	\$ (400)	\$ (400)	\$ (400)
52	Advertising & Marketing	\$ (3,500)	\$ (3,500)	\$ (3,500)	\$ (3,500)
53	Application Related Expenses	\$ -	\$ -	\$ -	\$ -
54	<b>Total Other Expenses</b>	<b>\$ (11,700)</b>	<b>\$ (11,700)</b>	<b>\$ (11,700)</b>	<b>\$ (11,700)</b>
55	<b>Total Expenses</b>	<b>\$ (515,781)</b>	<b>\$ (562,400)</b>	<b>\$ (642,470)</b>	<b>\$ (605,319)</b>
56	<b>EBITDA</b>	<b>\$ 104,891</b>	<b>\$ 144,234</b>	<b>\$ 162,033</b>	<b>\$ 310,608</b>
57	<b>Depreciation and Amortization</b>	<b>\$ (2,625)</b>	<b>\$ (2,625)</b>	<b>\$ (2,625)</b>	<b>\$ (2,625)</b>
58	<b>Operating Income (EBIT)</b>	<b>\$ 102,266</b>	<b>\$ 141,609</b>	<b>\$ 159,408</b>	<b>\$ 307,983</b>
Community Benefits Program					
59	Davis St. Basic Needs Fund	\$ (25,000)	\$ (25,000)	\$ (30,000)	\$ (35,000)
60	Davis St. Behavioral Health Program	\$ (10,000)	\$ (5,000)	\$ (5,000)	\$ (10,000)
61	Annual Community Dialogue	\$ (10,000)	\$ (5,000)	\$ -	\$ -
62	San Leandro Cherry Festival	\$ (10,000)	\$ -	\$ -	\$ -
63	Arts Commission	\$ (10,000)	\$ -	\$ -	\$ -
64	Planning and Business Development	\$ (10,000)	\$ -	\$ -	\$ -
65	Sliding Fee Healthcare Discounts	\$ (21,213)	\$ (24,151)	\$ (27,496)	\$ (31,304)
66	Donation Pool	\$ (2,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
67	<b>Total Community Benefits</b>	<b>\$ (98,213)</b>	<b>\$ (60,151)</b>	<b>\$ (63,496)</b>	<b>\$ (77,304)</b>
68	<b>Loan Payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
69	<b>Pre Tax Net Income</b>	<b>\$ 4,053</b>	<b>\$ 81,458</b>	<b>\$ 95,913</b>	<b>\$ 230,679</b>
70	<b>California FTB Corporate Tax</b>	<b>\$ (358)</b>	<b>\$ (7,201)</b>	<b>\$ (8,479)</b>	<b>\$ (20,392)</b>
71	<b>Federal Income Tax 280e Allocation</b>	<b>\$ 66,891</b>	<b>\$ 66,891</b>	<b>\$ 66,891</b>	<b>\$ 66,891</b>
72	<b>Pre Tax Net Income with 280e Allocation</b>	<b>\$ 70,943</b>	<b>\$ 148,349</b>	<b>\$ 162,803</b>	<b>\$ 297,570</b>
73	<b>Federal Income Tax with 280e Allocation</b>	<b>\$ (24,121)</b>	<b>\$ (57,856)</b>	<b>\$ (63,493)</b>	<b>\$ (116,052)</b>
74	<b>Post Tax Net Income</b>	<b>\$ (20,426)</b>	<b>\$ 16,401</b>	<b>\$ 23,941</b>	<b>\$ 94,235</b>

## Exhibit 3 – Projected Income & Expenditures Year 3 (2018)

Line #		2018			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Revenue</b>					
1	Assumption: Patients Per Day 15% Growth Rate	503	578	665	765
2	Assumption: Avg Sale 1% Qtr Decrease	\$ 61.81	\$ 61.20	\$ 60.58	\$ 59.98
3	Assumption: Operational Days Per Qtr	78	78	78	78
<b>Product Sales % of Sales</b>					
4	Flowers 45%	\$ 1,091,002	\$ 1,242,106	\$ 1,414,138	\$ 1,609,996
5	Preparations 20%	\$ 484,890	\$ 552,047	\$ 628,506	\$ 715,554
6	Edibles 15%	\$ 363,667	\$ 414,035	\$ 471,379	\$ 536,665
7	Extracts 10%	\$ 242,445	\$ 276,024	\$ 314,253	\$ 357,777
8	Clones 6%	\$ 145,467	\$ 165,614	\$ 188,552	\$ 214,666
9	Devices 3%	\$ 72,733	\$ 82,807	\$ 94,276	\$ 107,333
10	Books 1%	\$ 24,244	\$ 27,602	\$ 31,425	\$ 35,778
11	<b>Total Product Sales 100%</b>	<b>\$ 2,424,450</b>	<b>\$ 2,760,236</b>	<b>\$ 3,142,528</b>	<b>\$ 3,577,769</b>
12	Sales Discounts 2%	\$ (48,489)	\$ (55,205)	\$ (62,851)	\$ (71,555)
13	<b>Total Revenue</b>	<b>\$ 2,375,961</b>	<b>\$ 2,705,031</b>	<b>\$ 3,079,678</b>	<b>\$ 3,506,213</b>
<b>Cost of Goods Sold</b>					
14	Assumption: Product Markup	80%	80%	80%	80%
<b>Products % of Products</b>					
15	Flowers 45%	\$ (593,990)	\$ (676,258)	\$ (769,919)	\$ (876,553)
16	Preparations 20%	\$ (263,996)	\$ (300,559)	\$ (342,186)	\$ (389,579)
17	Edibles 15%	\$ (197,997)	\$ (225,419)	\$ (256,640)	\$ (292,184)
18	Extracts 10%	\$ (131,998)	\$ (150,280)	\$ (171,093)	\$ (194,790)
19	Clones 6%	\$ (79,199)	\$ (90,168)	\$ (102,656)	\$ (116,874)
20	Devices 3%	\$ (39,599)	\$ (45,084)	\$ (51,328)	\$ (58,437)
21	Books 1%	\$ (13,200)	\$ (15,028)	\$ (17,109)	\$ (19,479)
22	<b>Total Products Costs 100%</b>	<b>\$ (1,319,978)</b>	<b>\$ (1,502,795)</b>	<b>\$ (1,710,932)</b>	<b>\$ (1,947,896)</b>
23	Packaging	\$ (13,200)	\$ (15,028)	\$ (17,109)	\$ (19,479)
24	<b>Total Cost of Goods Sold</b>	<b>\$ (1,333,178)</b>	<b>\$ (1,517,823)</b>	<b>\$ (1,728,041)</b>	<b>\$ (1,967,375)</b>
<b>Gross Income</b>		<b>\$ 1,042,783</b>	<b>\$ 1,187,208</b>	<b>\$ 1,351,636</b>	<b>\$ 1,538,838</b>
<b>Expenses</b>					
San Leandro Business Licenses & Fees					
25	SL Dispensary License Fee	\$ -	\$ -	\$ (60,000)	\$ -
26	Gross Business License Fee (9%)	\$ (213,836)	\$ (243,453)	\$ (277,171)	\$ (315,559)
27	<b>Total Business Licenses &amp; Fees</b>	<b>\$ (213,836)</b>	<b>\$ (243,453)</b>	<b>\$ (337,171)</b>	<b>\$ (315,559)</b>
Employee Expense					
28	Board of Directors	\$ (32,000)	\$ (32,000)	\$ (48,000)	\$ (48,000)
29	Management Payroll	\$ (43,243)	\$ (43,243)	\$ (63,742)	\$ (63,742)
30	Staff Payroll	\$ (232,432)	\$ (232,432)	\$ (287,188)	\$ (287,188)
31	Payroll Taxes (9%)	\$ (27,691)	\$ (27,691)	\$ (35,904)	\$ (35,904)
32	Employment Benefits (7.5%)	\$ (23,076)	\$ (23,076)	\$ (29,920)	\$ (29,920)
33	Workers Compensation (2.3%)	\$ (7,077)	\$ (7,077)	\$ (9,175)	\$ (9,175)
34	Training & Education (2%)	\$ (6,154)	\$ (6,154)	\$ (7,979)	\$ (7,979)
35	<b>Total Employee Expense</b>	<b>\$ (371,672)</b>	<b>\$ (371,672)</b>	<b>\$ (481,907)</b>	<b>\$ (481,907)</b>
Insurance					
36	Liability & Property	\$ (1,200)	\$ (1,200)	\$ (1,200)	\$ (1,200)
37	<b>Total Insurance</b>	<b>\$ (1,200)</b>	<b>\$ (1,200)</b>	<b>\$ (1,200)</b>	<b>\$ (1,200)</b>
Rent & Building Expense					
38	Rent & Triple Net charges	\$ (21,000)	\$ (21,000)	\$ (21,000)	\$ (21,000)
39	Repairs & Maintenance	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)
40	Utilities	\$ (3,000)	\$ (3,000)	\$ (3,000)	\$ (3,000)
41	<b>Total Rent &amp; Building Expense</b>	<b>\$ (26,500)</b>	<b>\$ (26,500)</b>	<b>\$ (26,500)</b>	<b>\$ (26,500)</b>
Security					
42	Guards (10% annual increase)	\$ (47,698)	\$ (47,698)	\$ (47,698)	\$ (47,698)
43	Security System Monitoring	\$ (2,500)	\$ (2,500)	\$ (2,500)	\$ (2,500)
44	Armored Car Service	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,500)
45	<b>Total Security Costs</b>	<b>\$ (51,698)</b>	<b>\$ (51,698)</b>	<b>\$ (51,698)</b>	<b>\$ (51,698)</b>
Other Expenses					
46	Network Expense	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
47	Office Supplies	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)
48	Printing & Postage	\$ (500)	\$ (500)	\$ (500)	\$ (500)
49	Legal & Professional Fees	\$ (4,000)	\$ (4,000)	\$ (4,000)	\$ (4,000)
50	Telephone Expense	\$ (300)	\$ (300)	\$ (300)	\$ (300)
51	Dues & Subscriptions	\$ (2,400)	\$ (2,400)	\$ (2,400)	\$ (2,400)
52	Advertising & Marketing	\$ (3,500)	\$ (3,500)	\$ (3,500)	\$ (3,500)
53	Application Related Expenses	\$ -	\$ -	\$ -	\$ -
54	<b>Total Other Expenses</b>	<b>\$ (13,700)</b>	<b>\$ (13,700)</b>	<b>\$ (13,700)</b>	<b>\$ (13,700)</b>
55	<b>Total Expenses</b>	<b>\$ (678,607)</b>	<b>\$ (708,223)</b>	<b>\$ (912,176)</b>	<b>\$ (890,565)</b>
56	<b>EBITDA</b>	<b>\$ 364,176</b>	<b>\$ 478,985</b>	<b>\$ 439,460</b>	<b>\$ 648,273</b>
57	<b>Depreciation and Amortization</b>	<b>\$ (25,958)</b>	<b>\$ (25,958)</b>	<b>\$ (25,958)</b>	<b>\$ (25,958)</b>
58	<b>Operating Income (EBIT)</b>	<b>\$ 338,218</b>	<b>\$ 453,027</b>	<b>\$ 413,502</b>	<b>\$ 622,315</b>
Community Benefits Program					
59	Davis St. Basic Needs Fund	\$ (25,000)	\$ (25,000)	\$ (30,000)	\$ (35,000)
60	Davis St. Behavioral Health Program	\$ (10,000)	\$ (5,000)	\$ (5,000)	\$ (10,000)
61	Annual Community Dialogue	\$ (10,000)	\$ (5,000)	\$ -	\$ -
62	San Leandro Cherry Festival	\$ (10,000)	\$ -	\$ -	\$ -
63	Arts Commission	\$ (10,000)	\$ -	\$ -	\$ -
64	Planning and Business Development	\$ (10,000)	\$ -	\$ -	\$ -
65	Sliding Fee Healthcare Discounts	\$ (35,639)	\$ (40,575)	\$ (46,195)	\$ (52,593)
66	Donation Pool	\$ (2,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
67	<b>Total Community Benefits</b>	<b>\$ (112,639)</b>	<b>\$ (76,575)</b>	<b>\$ (82,195)</b>	<b>\$ (98,593)</b>
68	<b>Loan Payments</b>	<b>\$ (30,000)</b>	<b>\$ (30,000)</b>	<b>\$ (30,000)</b>	<b>\$ (30,000)</b>
69	<b>Pre Tax Net Income</b>	<b>\$ 195,579</b>	<b>\$ 346,452</b>	<b>\$ 301,307</b>	<b>\$ 493,722</b>
70	<b>California FTB Corporate Tax</b>	<b>\$ (17,289)</b>	<b>\$ (30,626)</b>	<b>\$ (26,636)</b>	<b>\$ (43,645)</b>
71	<b>Federal Income Tax 280e Allocation</b>	<b>\$ 73,230</b>	<b>\$ 73,230</b>	<b>\$ 89,656</b>	<b>\$ 89,656</b>
72	<b>Pre Tax Net Income with 280e Allocation</b>	<b>\$ 268,808</b>	<b>\$ 419,681</b>	<b>\$ 390,963</b>	<b>\$ 583,379</b>
73	<b>Federal Income Tax with 280e Allocation</b>	<b>\$ (104,835)</b>	<b>\$ (142,692)</b>	<b>\$ (132,928)</b>	<b>\$ (198,349)</b>
74	<b>Post Tax Net Income</b>	<b>\$ 73,454</b>	<b>\$ 173,134</b>	<b>\$ 141,744</b>	<b>\$ 251,728</b>

## Exhibit 4 – Anticipated Timeline

Event	Actions	Time	Estimated cost
Sign lease option agreement for a 20 year lease for 1244 Doolittle Dr.	Enter into option agreement for a 20 year lease for 1244 Doolittle Dr. (Completed)	January 5, 2015	\$5,000
Dispensary design for 1244 Doolittle Dr.	Create conceptual architectural designs for dispensary (Completed)	January 5, 2015	\$10,000
Sign 10-year lease option for 765-767 Marina Blvd San	Enter into lease option agreement for a 10 year lease for 765-767 Marina Blvd (Completed)	April 1, 2016	\$11,500
Dispensary design for 765-767 Marina Blvd	Create conceptual architectural designs for dispensary (Completed)	May 1, 2016	\$10,000
Receive 2nd MCD RFP & Submit Application	Submit application materials 2nd MCD Application Process	May 19, 2016	\$3,000
<i>If selected as recipient of dispensary permit: AT July 18, 2016 City Council Meeting</i>			
Authorization of Dispensary Permit	Submit fees to City for Dispensary Permit	18-Jul-16	\$60,000
Submit application to San Leandro Community Development Agency	Submit application for Conditional Use Permit with associated fees.	7 Days Post Authorization	\$5,000
Approval from Board of Zoning Adjustments	Receive approval on CUP. Submit plans and fees for building permits.	30 Days Post Authorization	\$10,000
Receive Approval for Construction	Begin construction. Purchase interior furnishings and business equipment.	45 days Post Authorization	\$304,000
Prepare for opening	Staff training; Initial inventory procurement;	20 days Prior to opening	\$135,000
Community Benefits	Initial community benefits contributions	Target: Q4 2016	\$250,000
Open for business	Grand opening of Davis St. Wellness Center.	Target Date: October 1, 2016	
<b>Total Startup Costs</b>			<b>\$803,500</b>
<b>Initial (3mo) Operational Expenses</b>			<b>\$496,046</b>
<b>Total Startup Costs and Initial Operational Expenses</b>			<b>\$1,299,546</b>

## Exhibit 5 – Description of Products Offerings

Product Line	Wholesale Costs	Retail Prices	Comments
<b>Flowers</b> <b>Purchased by lb.</b> <b>Sold by gram(s)</b>	High \$2700 Mid \$2200 Low \$1600	High \$6,676 Mid \$5,188 Low \$2,580	Dried Cannabis “Buds” that can be rolled into papers, smoked in a standard pipe or a water pipe), or vaporized with vaporizer products (believe to be the safest form of inhalation).
<b>Preparations</b> <b>Individual infused products</b>	Joints \$2.5-10 Tinctures \$15-30 Dermals \$10-20 Capsules \$15-30	Joints \$5-20 Tinct. \$30-60 Dermals \$20-40 Capsules\$30-60	Joints, tinctures, dermals, nectars, salves and capsules. These products are particularly intriguing to senior patients in communal living environments where smoke able products would not be tolerated.
<b>Edibles</b> <b>Individual infused products</b> <b>5-1000mg per package</b>	Food \$10-20 Drink \$8-15 Lozenge \$2-5 Syrup \$8-15	Food \$20-40 Drink \$8-15 Lozenge \$2-5 Syrup \$8-15	Cannabis oil in edible cannabis usually takes longer to take effect (20 minutes to an hour more), and the effect generally last longer than smoking or vaporizing. We will make a special effort to offer specialty edibles that will appeal to our senior patients, including confections with low sugar content for those patients battling diabetes.
<b>Extracts</b> <b>Individual infused products</b> <b>Sold in .5g &amp; 1g amounts</b>	Crumble \$12-20 Shatter \$15-30 Rosin \$15-30 Vape P. \$12-20 Clear \$	Crumble\$24-40 Shatter \$30-60 Rosin \$30-60 Vape P. \$24-40 Clear	Concentrates are manufactured by separating the trichomes (semi-transparent, granular, hair-like outgrowths) from the cannabis flower to create a concentrated dose of this specific part of the cannabis plant.
<b>Clones</b> <b>Sold by the single</b>	Clonlets \$4-7 Cublets \$2-5 Seeds \$5-10	Clonlets \$8-14 Cublets \$4-10 Seeds \$10-20	A clone is a cutting from a mature cannabis plant which are replanted to produce a baby cannabis which will remain in its vegetative state until sold.
<b>Medical Delivery Devices</b>	Vape Cart \$7-10 Vape Pen \$3-5 Battery \$3-7	Vape C. \$14-20 Vape P. \$6-10 Battery \$6-14	Vaporizers and other devices commonly used to administer medical cannabis to qualified patients.
<b>Books</b> <b>Pictures</b>	Books \$5-20 Pictures \$5-20	Books \$10-40 Pictures \$5-20	Books and DVDs relating to medical cannabis use. As well as additional books related to holistic health and wellness.

## Exhibit 6 – Staffing Levels, Compensations, and Benefits Year 1 (2016)

	Rate	#	Q1	#	Q2	#	Q3	#	Q4
			\$	\$	\$	\$	\$	\$	\$
Patients Per Day			0	0	0	0	0	250	
<b>Management</b>									
Chief Operations Officer*	\$25-\$32/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	1 \$ -	
General Manager	\$25-\$28/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	1 \$ 19,656	
In-House Manager	\$25-\$28/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	1 \$ 19,656	
<b>Staff</b>									
Inventory Specialist	\$20-\$22/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	2 \$ 30,888	
Processing	\$18-\$20/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	4 \$ 56,160	
Bud Tender	\$18-\$20/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	4 \$ 50,544	
Reception	\$20-\$24/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	3 \$ 42,120	
Administrative	\$18-\$20/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	1 \$ 17,550	
Counselor	\$20-\$24/hr		0 \$ -	0 \$ -	0 \$ -	0 \$ -	0 \$ -	1 \$ 14,040	
Total # Full-Time Employees			0	0	0	0	0	17	
<b>Board of Directors</b>									
Oram			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Padilla-Johnson			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Galvan			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Enea			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Pre Tax Employment Expense			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,614	
Payroll Taxes	9%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,555	
Benefits	7.50%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,796	
Workers Compensation	2.30%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,764	
Training & Education	2%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,012	
<b>Total Employment Expense</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 302,742	

\* N. Enea will serve as interim COO

## Exhibit 7 – Staffing Levels, Compensations, and Benefits Year 2 (2017)

	Rate	#	Q1	#	Q2	#	Q3	#	Q4
			\$	\$	\$	\$	\$	\$	\$
Patients Per Day			288	331	380	437			
<b>Management</b>									
Chief Operations Officer*	\$25-\$32/hr		1 \$ -	1 \$ -	1 \$ -	1 \$ -	1 \$ -	1 \$ -	
General Manager	\$25-\$28/hr		1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	
In-House Manager	\$25-\$28/hr		1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	1 \$ 19,656	
<b>Staff</b>									
Inventory Specialist	\$20-\$22/hr		2 \$ 30,888	2 \$ 30,888	2 \$ 30,888	2 \$ 30,888	2 \$ 30,888	2 \$ 30,888	
Processing	\$18-\$20/hr		4 \$ 56,160	4 \$ 56,160	4 \$ 56,160	4 \$ 56,160	4 \$ 56,160	4 \$ 56,160	
Bud Tender	\$18-\$20/hr		4 \$ 50,544	4 \$ 50,544	4 \$ 50,544	4 \$ 50,544	4 \$ 50,544	4 \$ 50,544	
Reception	\$20-\$24/hr		3 \$ 42,120	3 \$ 42,120	3 \$ 42,120	3 \$ 42,120	3 \$ 42,120	3 \$ 42,120	
Administrative	\$18-\$20/hr		1 \$ 17,550	1 \$ 17,550	1 \$ 17,550	1 \$ 17,550	1 \$ 17,550	1 \$ 17,550	
Counselor	\$20-\$24/hr		1 \$ 14,040	1 \$ 14,040	1 \$ 14,040	1 \$ 14,040	1 \$ 14,040	1 \$ 14,040	
Total # Full-Time Employees			17	17	17	17	17	17	
<b>Board of Directors</b>									
Oram			\$ -	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	
Padilla-Johnson			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Galvan			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Enea			\$ -	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	
Pre Tax Employment Expense			\$ 250,614	\$ 274,614	\$ 274,614	\$ 274,614	\$ 274,614	\$ 274,614	
Payroll Taxes	9%		\$ 22,555	\$ 24,715	\$ 24,715	\$ 24,715	\$ 24,715	\$ 24,715	
Benefits	7.50%		\$ 18,796	\$ 20,596	\$ 20,596	\$ 20,596	\$ 20,596	\$ 20,596	
Workers Compensation	2.30%		\$ 5,764	\$ 6,316	\$ 6,316	\$ 6,316	\$ 6,316	\$ 6,316	
Training & Education	2%		\$ 5,012	\$ 5,492	\$ 5,492	\$ 5,492	\$ 5,492	\$ 5,492	
<b>Total Employment Expense</b>			\$ 302,742	\$ 331,734	\$ 331,734	\$ 331,734	\$ 331,734	\$ 331,734	

\* N. Enea will serve as interim COO

## Exhibit 8 – Staffing Levels, Compensations, and Benefits Year 3 (2018)

	Rate	Q1		Q2		Q3		Q4	
		#	\$	#	\$	#	\$	#	\$
Patients Per Day		503		578		665		765	
<b>Management</b>									
Chief Operations Officer*	\$25-\$32/hr	1	\$ -	1	\$ -	2	\$ 22,464	2	\$ 22,464
General Manager	\$25-\$28/hr	1	\$ 21,622	1	\$ 21,622	1	\$ 21,622	1	\$ 19,656
In-House Manager	\$25-\$28/hr	1	\$ 21,622	1	\$ 21,622	1	\$ 19,656	1	\$ 21,622
<b>Staff</b>									
Inventory Specialist	\$20-\$22/hr	2	\$ 33,977	2	\$ 33,977	3	\$ 49,421	3	\$ 49,421
Processing	\$18-\$20/hr	4	\$ 61,776	4	\$ 61,776	4	\$ 61,776	4	\$ 61,776
Bud Tender	\$18-\$20/hr	4	\$ 55,598	4	\$ 55,598	6	\$ 80,870	6	\$ 80,870
Reception	\$20-\$24/hr	3	\$ 46,332	3	\$ 46,332	4	\$ 60,372	4	\$ 60,372
Administrative	\$18-\$20/hr	1	\$ 19,305	1	\$ 19,305	1	\$ 19,305	1	\$ 19,305
Counselor	\$20-\$24/hr	1	\$ 15,444	1	\$ 15,444	1	\$ 15,444	1	\$ 15,444
Total # Full-Time Employees		17		17		22		22	
<b>Board of Directors</b>									
Oram			\$ 16,000		\$ 16,000		\$ 24,000		\$ 24,000
Padilla-Johnson			\$ -		\$ -		\$ -		\$ -
Galvan			\$ -		\$ -		\$ -		\$ -
Enea			\$ 16,000		\$ 16,000		\$ 24,000		\$ 24,000
Pre Tax Employment Expense			\$ 307,675		\$ 307,675		\$ 398,930		\$ 398,930
Payroll Taxes	9%		\$ 27,691		\$ 27,691		\$ 35,904		\$ 35,904
Benefits	7.50%		\$ 23,076		\$ 23,076		\$ 29,920		\$ 29,920
Workers Compensation	2.30%		\$ 7,077		\$ 7,077		\$ 9,175		\$ 9,175
Training & Education	2%		\$ 6,154		\$ 6,154		\$ 7,979		\$ 7,979
Total Employment Expense			\$ 371,672		\$ 371,672		\$ 481,907		\$ 481,907

\* N. Enea will serve as interim COO

## Exhibit 12 – Attestation of Intent to Comply with Future Fees

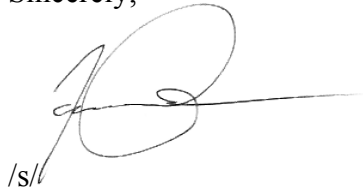
May 19, 2016

City of San Leandro  
Office of the City Manager  
835 East 14<sup>th</sup> Street  
San Leandro, CA 94577

To whom it may concern,

On behalf of DSWC, Inc. (DBA: Davis Street Wellness Center) I do hereby attest that our organization will comply with the intent of any San Leandro-based Cannabis business gross receipts tax adopted by San Leandro voters in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'JO', with a long horizontal line extending to the right.

/s/  
John J Oram, PhD  
President/CEO  
DSWC, Inc.



## Exhibit 13 – Operations Manual Table of Contents

## Exhibit 14 – Good Neighbor Policy

The Davis Street Wellness Center (DSWC) and its members have a responsibility to be the best neighbors we can be. To ensure that our center is perceived as a good neighbor, please help us to be respectful and caring of our neighbors' rights, privacy, and property. We work hard to maintain a positive relationship with those in our community, including our neighbors, local stakeholders, and law enforcement. Be mindful that you are representing DSWC as a member and that you are expected to adhere to our Good Neighbor Policy. We expect our members and staff to be courteous and respectful in their experiences with those in our neighborhood. It is important that we be considerate of those who live and work nearby. Please respect these relationships and avoid activities that could disturb others. Be mindful of where you park. Always turn down your music and use low voices when entering or leaving the facility area. Never park illegally on the streets surrounding the center or in spaces not intended for the center's use. If you are having trouble finding appropriate parking, please ask our friendly staff for help. We always want you to feel safe at DSWC. If you need an escort to your vehicle, just let our staff know. Report any suspicious or illegal activity. Being a good neighbor will help us to maintain a positive relationship with our community and be able to serve your needs for years to come.

Thank you for your cooperation.  
The Davis Street Wellness Center

## Exhibit 15 – Letter of Engagement from CW Analytical Laboratories



CW ANALYTICAL LABORATORIES  
WWW.CWANALYTICAL.COM  
510-545-6984  
OAKLAND, CA

January, 2015

To Whom It May Concern,

This letter is to confirm that CW Analytical Laboratories has been engaged by the owners/operators of Davis Street Wellness Center to provide safety and quality assurance testing services upon receipt of an operating permit. This dispensary plans to follow a “hold and release” quality assurance protocol maintained partially by CW Analytical Laboratory. That is, representative finished products of each batch are randomly sampled and tested for the presence of food borne bacteria, yeast, and mold using standard AOAC methods (see below: adapted from the present food industry).

APC	AOAC 986.33	Aerobic Plate Count
Coliform/E.coli	AOAC 991.14	Fecal organisms
Yeast and Mold	AOAC 997.02	Fungi

QA testing includes Aerobic Plate Count (APC), Coliform, E. coli, Yeast, and Mold. Samples found to be high in bacteria, yeast, or mold are rejected and products placed on hold and retested. If retests show a continued presence of bacteria or fungi, samples are destroyed.

The presence of pesticides is analyzed by GC-MS and other analytical methods and a strict “no-pesticide” protocol is followed at the 100 ppm level of sensitivity. A list of pesticides in our standards is available upon request.

All dosage calculations for cannabinoids are verified with laboratory testing using Gas Chromatography with flame ionization detector against pharmaceutical grade standards to ensure accuracy and consistency. CW Analytical tests for the following cannabinoids:

delta9 -THC, delta8 - THC	CBN
THCA (if needed)	CBG
CBD	CBC
CBDA (if needed)	THCV

The hold and release protocol will be maintained by this dispensary upon opening and data files will exist to support the due diligence and consistency of their quality process. This dispensary will provide a huge benefit to medical Cannabis patients in San Francisco by ensuring only medicine that passes safety and quality testing will be dispensed, which is currently not a requirement in the state of CA.

Actual test results are confidential but, with written client approval, CW Analytical will be willing to share actual data with approved sources or regulatory agencies.

If any additional information is required please do not hesitate to call on me personally. I am

yours very truly,

Robert W Martin, Ph. D. COO and co-founder

CW Analytical Laboratories, Inc - 925-719-0463



## Exhibit 16 – Description of Required Laboratory Tests

This table summarizes the array of tests offered by our laboratory partner, CW Analytical Laboratories, and the various items for which each test is applicable.

Test	Description	Items Tested
Visual Inspection	Samples will be visually inspected with the aid of a digital dissecting scope for foreign matter and signs of biological contaminations. Digital records (narratives and photographs) will be taken of aberrations and logged for review.	All products
Moisture Analysis	Samples will be tested for moisture content. Moisture analysis is critical to interpreting the results of subsequent tests and for standardization of acceptable moisture ranges in finished products. Finished products packaged outside of acceptable moisture ranges are susceptible to biological growth during storage and distribution.	Usable <i>Cannabis</i> , <i>Cannabis</i> extracts, some infused products
Microbiological Screening	Samples will be screened for the presence or absence of yeast, mold, and bacteria. Prepared material will be tested with specified Petri films and measured using digital colony counters following AOAC standards.	All products
Cannabinoid Profiling (Potency)	The cannabinoids THC, THCA, CBD, CBDA, and CBN will be quantified in samples using advanced chromatographic techniques.	All products
Chemical Residue Screening	Samples will be screened for the presence or absence of targeted chemical and botanical insecticides and fungicides using advanced chromatographic techniques.	Usable <i>Cannabis</i> , <i>Cannabis</i> extracts, some infused products
Heavy Metal Screening	Samples will be analyzed for the presence or absence of heavy metals.	Usable <i>Cannabis</i> , <i>Cannabis</i> extracts, some infused products
Terpene Profiling	Samples will be analyzed by advanced chromatographic techniques for major terpenes.	Usable <i>Cannabis</i> , <i>Cannabis</i> extracts
Excess Solvent Screening	Samples will be tested for the presence of excess solvents using a combination of advanced chromatographic techniques.	<i>Cannabis</i> extracts, some infused products
Environmental Screening	Swabbed samples from production area surfaces will be routinely analyzed by microbiological screening for the presence of yeast, mold, and bacteria.	Production areas

### Definitions:

Usable *Cannabis* – generally smokable *Cannabis* plant material including flowers (buds), pre-rolled joints, and shake (loose flowers and leaves)

*Cannabis* Extracts – concentrated *Cannabis* extracts include hash, oil, shatter, wax, and crumble.

Infused Products – any product infused with a *Cannabis* extract including all edibles, topical medications, ingestible tablets, electronic cigarettes (vaporizers).

## Exhibit 17 – Quality Specifications for Cannabis Products

The following quality specifications will be applied to all *Cannabis* products distributed by DSWC. Any products that do not meet these criteria will be returned to the original vendor or disposed of.

Product Type	Tests Required	Specifications
Usable <i>Cannabis</i> (i.e., flowers, pre-rolled joints)	Moisture analysis, cannabinoid profiling (potency), terpene profiling, visual inspection, microbiological screening, pesticide screening, heavy metal screening	Arsenic < 0.14 ug/kg Cadmium < 0.09 ug/kg Lead < 0.29 ug/kg Mercury < 0.29 ug/kg Pesticides <100 ppb Mycotoxins < 20 ug/kg APC < 100,000 CFU Mold < 10 CFU Yeast < 10 CFU Coliform < 100 CFU E coli < 10 CFU Pseudomonas 0 CFU
<i>Cannabis</i> extracts	Cannabinoid profiling (potency), terpene profiling, visual inspection, microbiological screening, residual solvent screening	Same as above.  Solvent < 400 ppb
Infused products (edibles, liquids and solids); topicals; tinctures	Cannabinoid profiling (potency), terpene profiling, microbiological screening	Same as above.

Quality Specifications were developed by CW Analytical Laboratories – a California-based analytical laboratory founded in 2009 to establish quality guidelines for the *Cannabis* industry. Specifications are based on professional scientific review and knowledge of quality specifications for food products (mostly meat and dairy), tobacco, and herbal products. These specifications were adopted by the Association of Commercial *Cannabis* Laboratories (ACCL), an industry association with the goal of establishing consensus between laboratory operators and promulgating scientifically sound guidelines and standards for *Cannabis* products. Versions of these specifications have been adopted by regulatory agencies in Washington and Nevada and are currently under review in Sacramento.

## Exhibit 18 – Sample of CW Analytical “Quality Tested” Certificate



CW ANALYTICAL LABORATORIES  
WWW.CWANALYTICAL.COM  
510-545-6984  
OAKLAND, CA

January 2015

To Whom It May Concern,

My name is Dr. Robert Martin and I am the President and Co-founder of CW Analytical Laboratories in Oakland, CA. Our laboratory has specialized in the scientific analysis of medical Cannabis and Cannabis infused products, and in establishing quality assurance protocols for the industry since 2009. The purpose of this letter is to confirm **COMPANY X** as a member of CW Analytical’s “**Quality Tested**” program.

With the precarious position the medical Cannabis industry sits in today, it is vital that infused edible products are verified to be free of harmful microorganisms such as yeast, mold, and bacteria, both for patient safety and for dispensary liability. The majority of infused Cannabis edibles dispensed today do not undergo any sort of third-party quality assurance program. This is where the members of our “**Quality Tested**” program set themselves apart from the rest of the market.

**Edible producers who take part in our Quality Tested Program are required to undergo the following:**

- Kitchen walk-through and critique by our qualified laboratory team.
- Random batch testing for microbiological contaminants (Aerobic plate count bacteria, mold and yeast). Samples are deemed acceptable for patient consumption as long as they fall within the AOAC (International Association of Analytical Chemists) food standards for the above mentioned screenings.
- Tamper Evident Packaging. Each one of our members’ packages must show clear evidence of any unauthorized access to the product.
- Nutritional information available to interested patients. Whether on the package, an insert, a webpage, or by request, our “**Quality Tested**” partners believe that patients deserve to know what they are consuming.
- Finished product Cannabinoid profiling (potency) testing to ensure the consistency of products.

We commend both the professionalism of the **Company X** non-profit organization and their concern for patient needs and safety. We are proud to consider them a partner in our “**Quality Tested**” program.

We encourage you to contact us directly at 510-545-6984 or [lab@cwanalytical.com](mailto:lab@cwanalytical.com) if you have any questions about **Company X** or any other product carrying the CW Analytical “**Quality Tested**” seal.

Sincerely,

Dr. Robert Martin

President and Co-Founder, CW Analytical Laboratories



# Exhibit 19 – Sample of CW Analytical Certificate of Analysis

Sample ID: CW7860S03

## CERTIFICATE OF ANALYSIS

CW ANALYTICAL LABORATORIES | 510.545.6984

Sample Name: Headband Crumble

Client: bloominnovations

Sample Type: Wax

Strain: Unknown

Moisture: 0.0%

Submitted: March 08, 2016

Tested: March 08, 2016

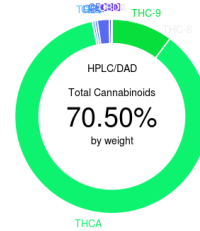
Expires: June 06, 2016

### Cannabinoid Profiling

Analysis of major cannabinoids by advanced chromatography.

	GC/FID		HPLC/DAD	
	Percent	mg/g	Percent	mg/g
d9-THC	NA	NA	7.21	72.09
d8-THC	NA	NA	0.00	0.00
THCA	NA	NA	61.00	610.00
THCV	NA	NA	0.04	0.42
CBC	NA	NA	0.28	2.77
CBG	NA	NA	0.28	2.85
CBGA	NA	NA	1.39	13.85
CBN	NA	NA	0.28	2.85
CBD	NA	NA	0.02	0.20
CBDV	NA	NA	0.00	0.00
CBDA	NA	NA	0.00	0.00
<b>Total</b>	NA	NA	70.50	705.03

~11% Decarboxylated THC



### Microbiological Screening

Petri film screening for microbiological contamination.

	Count	Limit	Status
APC	0	100,000	Pass
Yeast & Mold	0	10,000	Pass
Coliform	0	100	Pass
E coli	0	10	Pass
Pseudomonas	0	0	Pass
Salmonella	0	0	Pass

\*TNTC = Too Numerous To Count

### Chemical Residue Screening

Targeted analysis of chemical residues by GC/ECD and/or GC/MS.

	PPM	Limit	Status		PPM	Limit	Status
BHC	0.0	0.1	Pass	Endrin	0.0	0.1	Pass
Bifenezate	0.0	0.1	Pass	Heptachlor	0.0	0.1	Pass
Bifenthrin	0.0	0.1	Pass	Imidacloprid	0.0	0.1	Pass
Chlordane	0.0	0.1	Pass	Methoxychlor	0.0	0.1	Pass
DDT	0.0	0.1	Pass	Myclobutanil	0.0	0.1	Pass
Dieldrin	0.0	0.1	Pass	Permethrin	0.0	0.1	Pass
Endosulfan	0.0	0.1	Pass	Pyrethrin	0.0	0.1	Pass

\*ND = Non-Detect

### Terpene Profiling

Analysis of terpenes by GC/MS.

	Percent		Percent		Percent
b-Myrcene	0.07	Sabinene	0.00	Elemene	0.00
Nerol	0.00	b-Pinene	0.05	Phellandrene	0.00
Nerolidol	0.04	Camphene	0.00	Isopulegol	0.00
Ocimene	0.00	Eucalyptol	0.00	Linalool	0.24
a-Bisbolol	0.00	(-)-Fenchone	0.00	(+)-Fenchone	0.00
Farnasene	0.00	Fenchol	0.03	a-Caryophyllene	0.22
Valencene	0.02	Camphor	0.00	Guaiaol	0.00
d3-Carene	0.00	Borneol	0.01	Bergamotene	0.00
d-Limonene	0.10	Pulegone	0.00	Terpineol	0.04
g-Terpinene	0.00	Cedrol	0.01	Terpinolene	0.15
a-Pinene	0.02	b-Caryophyllene	0.82	a-Terpinene	0.00
<b>Total Terpenes</b>		<b>1.8 Percent</b>			

\*ND = Non-Detect

### Residual Solvent Screening

Analysis of residual solvents by GC/MS.

	PPM		PPM		PPM
Acetone	0.0	Hexane	0.0	nButane	0.0
Benzene	0.0	Isobutane	21.4	Pentane	0.0
Chloroform	0.0	Isopentane	0.0	Propane	0.0
Ethanol	0.0	Isopropanol	0.0	Toluene	0.0
Heptane	0.0	Methanol	0.0		
<b>Sum of Residual Solvents</b>		<b>21.4 PPM</b>		<b>Status: Pass (Limit: 400 PPM)</b>	

CW uses its best efforts to deliver high quality results and to verify that the data contained therein are based on sound scientific judgement. However, CW makes no warranties or claims to that effect and further shall not be liable for any damage or misrepresentation that may result from the use or misuse of these data in any way. Further, CW makes no claims regarding the representativeness of the analyzed sample to the larger batch from which it was taken. As part of our strict confidentiality policy, CW can only discuss results with the original client of record. Comments? lab@cwanalytical.com



This sample was tested by CW Analytical Laboratories. Results are valid through the expiration date indicated.

*Robert W. Martin, PhD*  
Robert W. Martin, PhD

# Exhibit 20 – Examples of Product Facts Panels for Edibles and Concentrates

**Nutrition Facts**  
 Serving Size 1 lozenge (2.5g)  
 Servings Per Package 2

	Per Serving	% Daily Value*
<b>Calories</b>	10	-
Calories from Fat	0	-
<b>Total Fat</b>	0g	0%
Saturated Fat	0g	0%
<i>Trans</i> Fat	0g	
<b>Cholesterol</b>	0mg	0%
<b>Sodium</b>	0mg	0%
<b>Total Carbohydrates</b>	3g	1%
Dietary Fiber	0g	0%
Sugars	3g	
<b>Protein</b>	0g	0%

Vitamin A 0%, Vitamin C 0%, Calcium 0%, Iron 0%  
 \*Based on a 2000 calorie diet  
 Ingredients: Sugar, Water, Natural Flavors, Food Coloring, Eucalyptus Oil, Horehound Oil, Cannabis Extract  
 Allergen Warning: Made in a factory that also processes nuts and wheat.

Cannabinoid Content: Each lozenge contains **10mg THC** and **< 1mg CBD**.

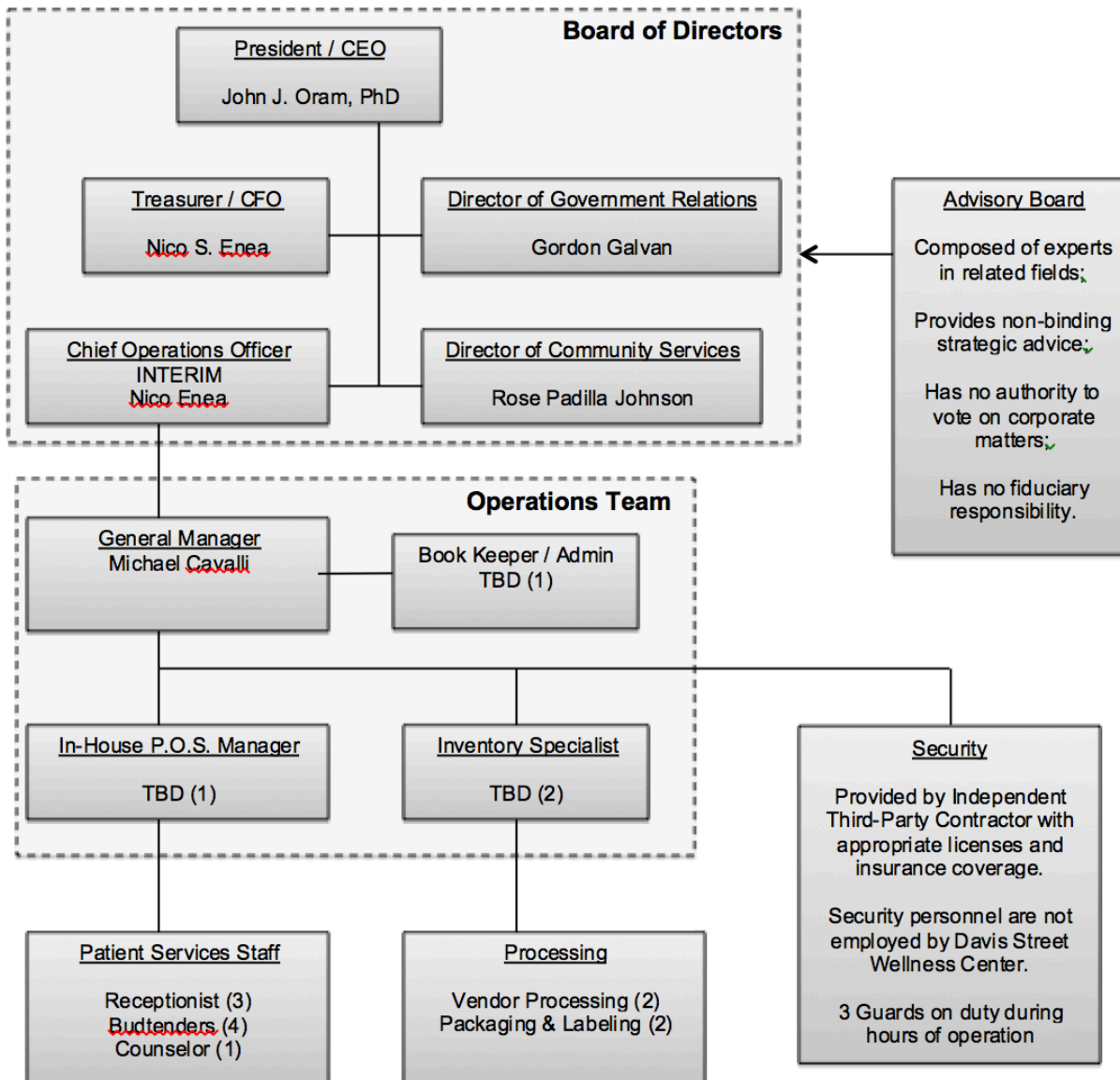
Consumption Advice: Ingest one lozenge at a time. Wait one hour before ingesting an additional lozenge.

Quality Assurance provided by CW Analytical Laboratories.

**Product Facts**  
 Net Weight 1g  
 Ingredients: Pure CO<sub>2</sub>-extracted *Cannabis* oil.  
 Cannabinoid Content: **48% THC, 12% CBD, <1% CBN**  
Quality Assurance by CW Analytical Laboratories.



## Exhibit 21 – Organizational Chart



All members of the Board of Directors and the Operations Team have submitted information for a Criminal Background Check.

Advisory Board members will not be involved in day-to-day operations or financial management of the dispensary and will not directly distribute or oversee staff that distributes medical Cannabis or medical Cannabis-infused products. Advisory Board members will not contribute start-up capital. Advisory Board members do not have authority to vote on corporate matters and bear no fiduciary responsibilities. As such, Advisory Board members are not part of the Applicant Team as defined in the City of San Leandro Application to Operate a Medical Cannabis Dispensary.



## Exhibit 22 – Disclosure of Critical Updates to Organizational Structure

After a year of working with Mr. Nolin and the operational team from The Green Door the DSWC Board of Directors decided to move in a different operational direction. Thus, Mr. Nolin and the operational team from The Green Door have been completely removed from the DSWC business plan and this application.

Mr. Nolin and his operational team have excellent expertise in dispensing medical Cannabis in a San Francisco-style market and have had great success. However, DSWC has developed a unique vision for dispensing medical Cannabis, one that utilizes tried and true policies and procedures from a tried and true clinical establishment. We intend to dispense medical Cannabis as though we were a clinical pharmacy using the policies and procedures from Davis Street's clinic. These policies and procedures have been vetted and accepted by both state and federal agencies in terms of efficacy, HIPAA compliance, and clinical standards.

To ensure the vision of DSWC as a medical Cannabis institution and high quality medical clinic, DSWC will undertake this endeavor without the participation of Mr. Nolin and his operational team.

## Exhibit 23 – Biography – John J Oram, PhD

Dr. Oram holds Ph.D. and M.S. degrees in environmental chemistry and engineering from the University of California Los Angeles and bachelor's degrees in analytical chemistry and biochemistry from the University of Colorado at Boulder. Dr. Oram spent his research years studying the complex physical and chemical processes governing the fate of contaminants in the coastal environment. He has authored numerous peer-reviewed publications and technical reports, has given presentations before local and international audiences, and is an invited member of several technical review and scientific steering committees. Dr. Oram's research was instrumental in forming government regulations regarding water quality and assessing human health impacts of agricultural pesticides.

In 2009, Dr. Oram co-founded CW Analytical Laboratories to establish standardized testing and certification protocols to ensure the safety and quality of medical *Cannabis*. CW Analytical Laboratories is now recognized as the most trusted analytical laboratory in California.

Dr. Oram and his lab were instrumental in developing *Cannabis* regulations in California, Washington, and New Jersey. Specifically, Dr. Oram was an invited member of the scientific advisory panel for Washington's Initiative 502 regulations.

Dr. Oram founded and operates multiple successful businesses in the *Cannabis* vertical that currently employ over thirty full-time employees combined.

## Exhibit 24 – Biography – Rose Padilla Johnson

*The Family Resource Center* – Rose Padilla Johnson began her career working with low-income, immigrant families in Alameda County. Her focus on working poor families throughout her career has led her to develop a keen understanding of the problems facing families today. This focus has helped to develop her skills as a leader to create one of the first comprehensive family resource centers in California. She has served at the helm of the Davis Street Family Resource Center since 1991. During this time, her vision, leadership, business acumen, community relationships and sheer determination have grown the agency from a \$380,000 organization of 1991 to the current \$10.5 million dollar agency it is today.

The Davis Street Family Resource Center provides services to nearly 15,000 people annually. The Center provides child care services to over 1200 children every day; annually, more than 6000 individuals receive food and clothing services; and each year its comprehensive community care clinic serves nearly 2000 people who are uninsured and underinsured. In addition to these core services, Davis Street provides housing services and makes available a comprehensive array of mental health care through a team of therapists and counselors. Davis Street works with the Alameda County Fire Department and San Leandro Police Department to provide a Holiday Basket of food, toys and bikes to over 1000 needy families each year.

Rose has transformed Davis Street into one of the most vibrant and comprehensive non-profit providers of social services in Central Alameda County and the Greater San Leandro area. Rose has achieved her personal goal of creating a “one stop shop” in the form of the Teagarden Street Campus. This campus houses all the agency’s programs in one location, eliminating the transportation obstacles people faced when needing multiple services. Thanks to the community’s support, Davis Street was able to purchase the building on Teagarden in June 2010.

*Community Involvement* – In addition to her work at Davis Street, Rose has served as President of the San Leandro Chamber of Commerce, an organization with the primary purposes of engaging the business community, to help employers grow their businesses so that they can purposefully contribute to the community and support a thriving and diverse San Leandro.

Rose was President of the San Leandro Rotary Club in 2005-06, and is the current Administrator of the RotaCare Free Medical Clinic. It is through Rotary that she began her work with the Faces of Hope project in Guatemala that provides health care to isolated villages in that country. As a first generation Latina, Rose is committed to supporting volunteer efforts focusing on helping those with the most need and least access, particularly in Latin America. She is a member of various associations that promote the health and well-being of children and their families. She is the President of the Statewide Childcare advocacy organization, CAPP, and a member of the California Child Development Administrators Association. Rose was the former Chair of the Alameda County Childcare Local Planning Council. She is often asked to present her ideas for developing programs for the most disenfranchised members of our communities. She is a member of the San Leandro Ministerial Association, an ecumenical group that advocates for the rights of those with the most need and least access. She speaks at various churches in the San Leandro area.

*Awards and Recognition* – In 2007, Rose was honored as a “Hometown Hero” in Oakland Magazine and as one of the SF Business Times’ (formerly The East Bay Business Times) “Women of Distinction.” Rose received The Rotary International prestigious “Service Above Self” award, given only to 150 individuals worldwide, for her tireless efforts on behalf of the most disenfranchised. She was recently recognized by the United Nations with the Global Citizen Award for her work to alleviate poverty, inequalities and disparities in low-income communities around the world. Rose was recognized in the Congressional Record for her life’s work to help the underserved and the former Mayor of San Leandro, Stephen Cassidy, proclaimed May 14, 2012 as “Rose Padilla Johnson Day.”

## Exhibit 25 – Biography – Gordon Galvan

Gordon Galvan, Principal of Galvan & Associates, a government and community relations consulting firm, is a seasoned government relations professional with more than twenty years of involvement in Bay Area politics.

Founded in 2001...Galvan & Associates provides representation for companies doing business with municipalities throughout Alameda County and Contra Costa Counties. Gordon and his colleagues have provided comprehensive contract negotiation, procurement and compliance, entitlement, project management and community/government relations services for companies and organizations throughout Northern California.

Over the past 20 years, Gordon has developed longstanding working relationships with Elected and appointed officials from Federal and State to Cities and Counties throughout the Bay Area.

## Exhibit 26 – Biography – Nico S Enea

Nico Enea graduated from the University of Colorado with a Bachelor of Arts in Economics and Business Finance. While in Colorado, he worked as a policy researcher in the congressional office of U.S. Representative Jared Polis.

Post college, Mr. Enea worked on a municipal bond arbitrage desk that managed \$1.2 billion in assets. Mr. Enea went on to cover growth sectors as a trader/analyst at a New York hedge fund where he developed market capitalization weighted index strategies for publically traded *Cannabis*-related companies. In 2014, Mr. Enea became Chief Financial Officer and Director of Business Development for Bloom Innovations, a *Cannabis*-focused business development and consulting firm. In that capacity, Mr. Enea was instrumental in crafting six successful applications in the state of Nevada for *Cannabis* cultivation and infused-product production permits.

Mr. Enea is also currently the Chief Financial Officer of CCSAC, INC. a Bay Area Mutual Benefit Corporation that is engaged in the cultivation and production of Medical Cannabis. CCSAC's products are sold in 100+ dispensaries in California. Mr. Enea was instrumental in the development and financing roles that led to CCSAC's success. Mr. Enea has an excellent working knowledge of *Medical Cannabis Operations* and *Cannabis*-infused products and is able to effectively communicate that knowledge to colleagues and patients.

## Exhibit 27 Advisory Board Members Summary of Qualifications

Advisory Board	
	<i>Summary of Qualifications</i>
Scientific Advisor	<ul style="list-style-type: none"> <li>• Former Scientific Advisor to GW Pharmaceuticals</li> <li>• Internationally recognized cannabinoid expert</li> <li>• Co-Founder International Hemp Association</li> </ul>
David W. Pate, PhD, MSc	
Product Formulations	<ul style="list-style-type: none"> <li>• Registered Pharmacist</li> <li>• Owner/operator of multiple pharmacies in California</li> <li>• Working relationships with state governments</li> </ul>
Gary Metelski	
Product Safety & Quality Assurance	<ul style="list-style-type: none"> <li>• Botany &amp; Mycology Specialization</li> <li>• Recognized expert in Food Safety and Quality Assurance</li> <li>• Co-Founder &amp; Executive Dir. CW Analytical Labs</li> </ul>
Robert Martin, PhD	
Public Health Advisor	<ul style="list-style-type: none"> <li>• Medical Anthropology Specialization</li> <li>• Public Health Specialization (MPH)</li> <li>• Understands cultural and socioeconomic intricacies of health messaging</li> <li>• Bay Area native</li> </ul>
Michelle Oram, PhD, MPH	
Legal Counsel	<ul style="list-style-type: none"> <li>• Corporate attorney with experience advising and establishing CA Mutual Benefit Corporations for medical <i>Cannabis</i> providers statewide</li> <li>• Expertise in contract law and intellectual property</li> </ul>
Todd Winter, Esq.	

# Exhibit 31 – Letter Regarding Compliance with Federal Requirements



*Helping others help themselves*

Rose Padilla Johnson  
*Chief Executive Officer*

**Board of Directors**

Gordon Galvan, President  
Dr. Susan Cota, Vice President  
Pat Sangiacomo, CPA, Treasurer  
Nancy Pretto, Secretary  
Isobel Dvorsky  
Kathe Frates, RN  
Charlie Gilcrest  
Apurv (A.P) Gujral  
Dr. Mika Hiramatsu  
Tracy Kennedy  
Tom Lorentzen  
Yolanda Navarro  
Hank Roberts

May 19, 2016

Dr. John Oram,  
Chief Executive Officer  
Davis Street Wellness Center  
PO Box 3102  
San Leandro, CA 94578-102

Dear Dr. Oram,

This is in response to your question regarding conflict with Federal requirements. Davis Street Community Center Incorporated (Davis Street) has retained Kronic, Moskovitz, Tiedemann & Girard to provide us with an opinion on whether there is a conflict with our Federally Qualified Health Center (FQHC) or Housing and Urban Development (HUD) funding.

We are in possession of a letter which provides an answer to that question. And the answer is there is no conflict with Davis Street receiving donations from the Davis Street Wellness Center. Further, there are no issues with the Davis Street CEO or Board President serving on the Board of Director of the Wellness Center.

If you have any further questions feel free to call our Attorney Gabriel Garcia at (916) 321-4215 or me at (510) 347-4620, ext. 100.

Regards,

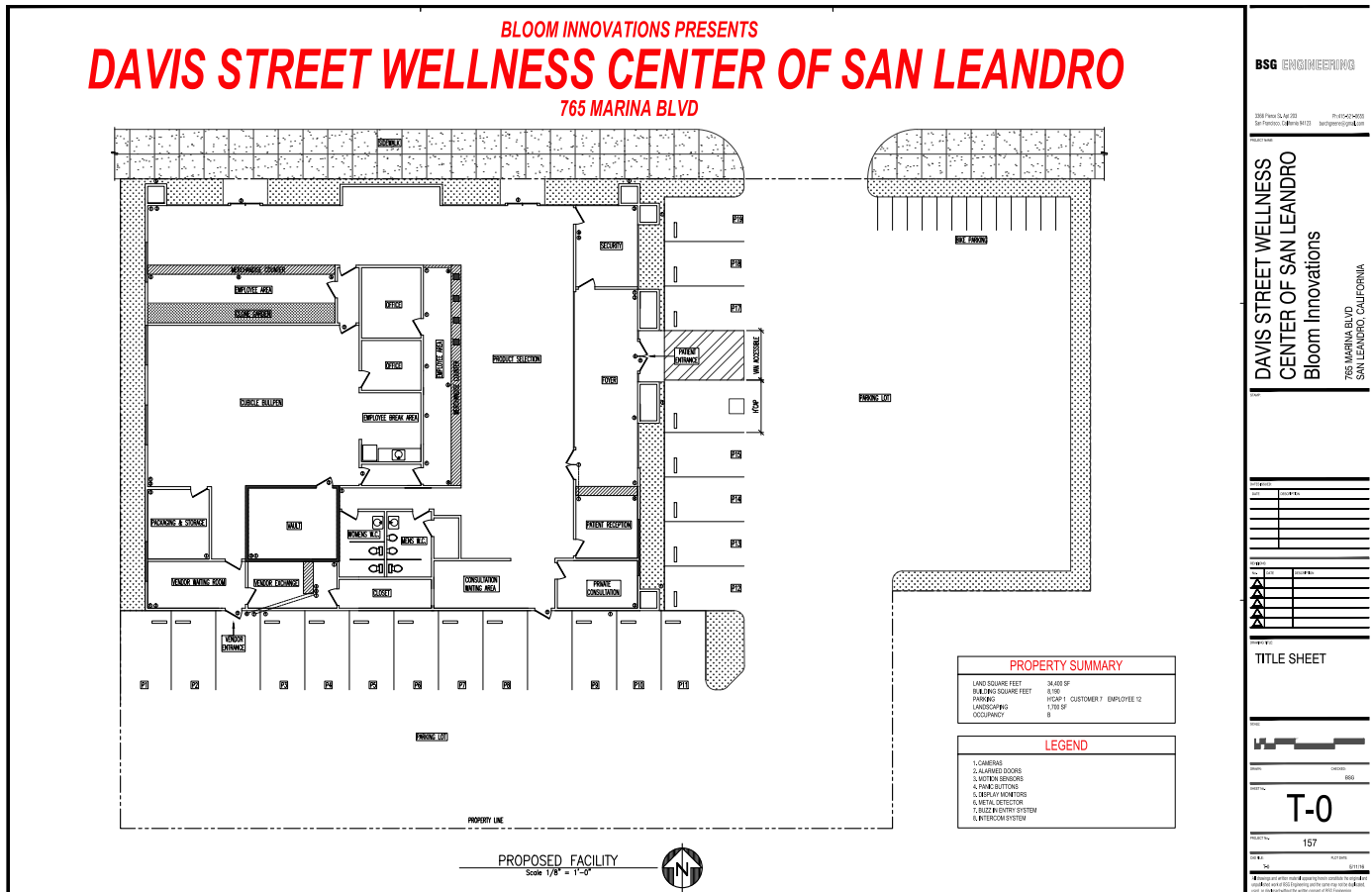
Rose Padilla Johnson  
Chief Executive Officer

Gordon Galvan  
Board President

*A division of The Davis Street Community Center Incorporated*

3081 Teagarden Street | San Leandro, CA 94577 | 510-347-4620  
[www.davisstreet.org](http://www.davisstreet.org)

# Exhibit 32 – Marina Location Rendering and Plan View



## Exhibit 33 – Marina Locations Zoning Map



500 FT = RESIDENTIAL RADIUS BUFFER (SL ORDINANCE 2013-020)

600 FT = SCHOOL RADIUS (MMSRA)

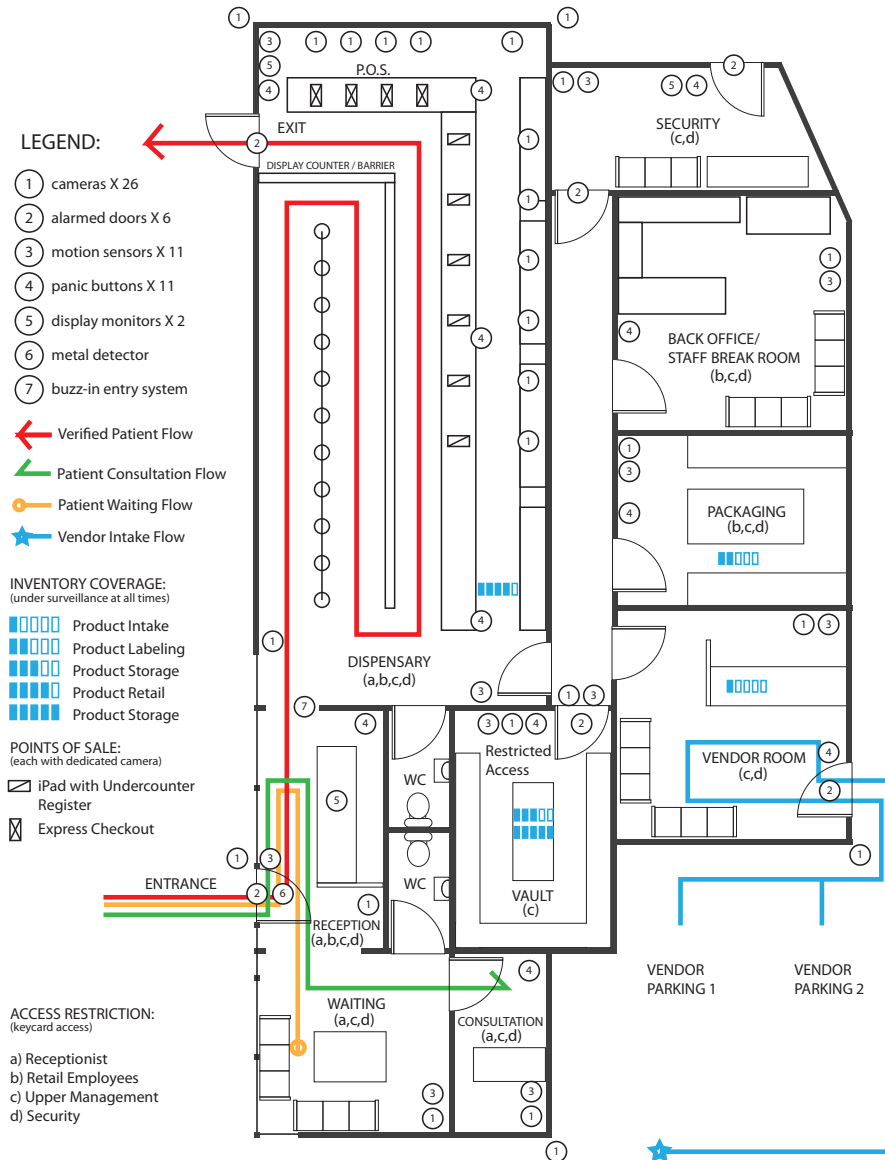
1,000 FT = SCHOOL, LIBRARY, YOUTH CENTER, PARKS, RECREATION FACILITIES, RELIGIOUS CENTERS (SL ORDINANCE 2013-020)

 = BOYS AND GIRLS CLUB OF SAN LEANDRO

# NEIGHBORHOOD COMPATIBILITY

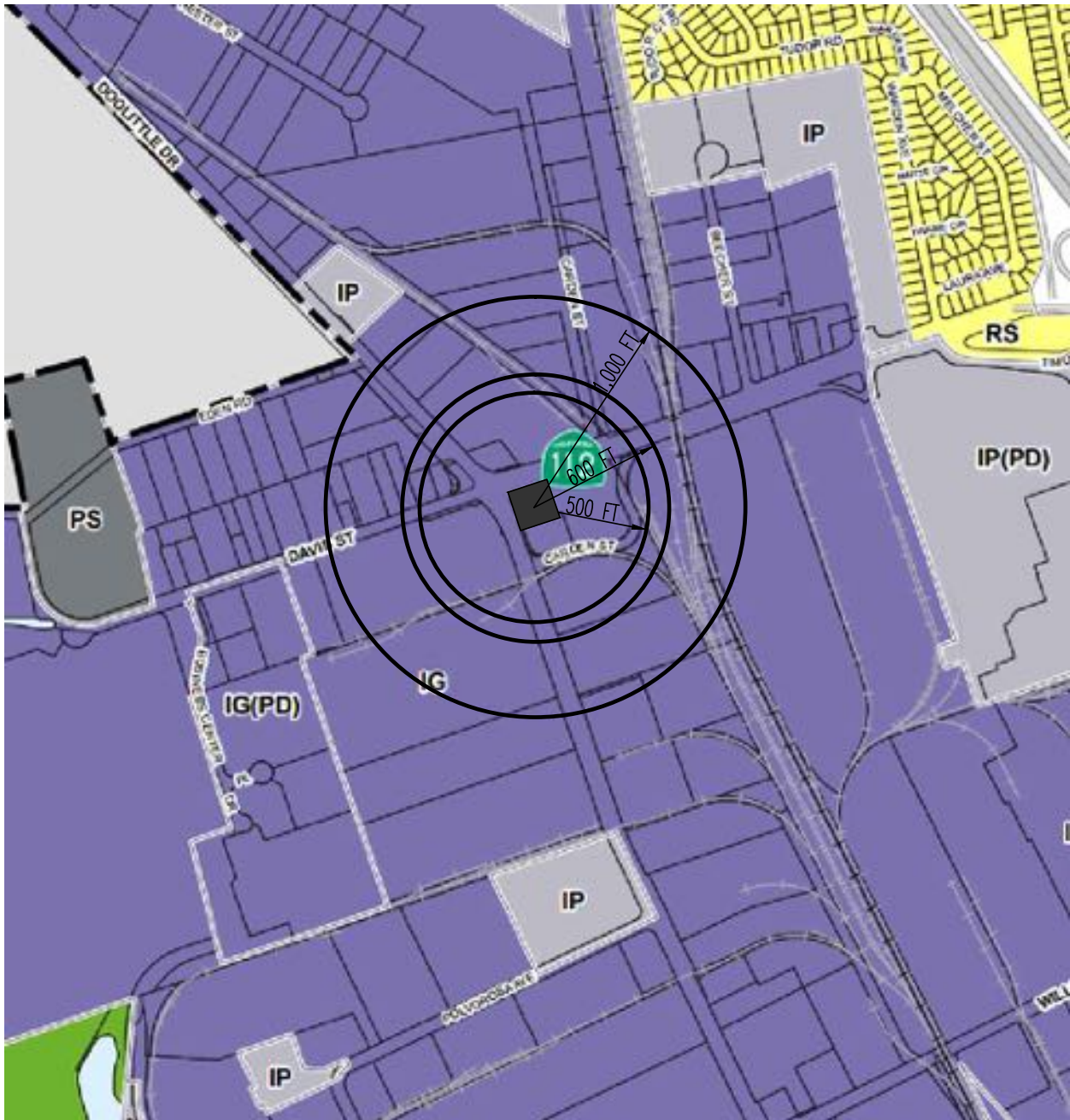
NOT TO SCALE

# Exhibit 34 – Doolittle Location Rendering and Plan View





## Exhibit 35 – Doolittle Location Zoning Map



500 FT = RESIDENTIAL RADIUS BUFFER (SL ORDINANCE 2013-020)

600 FT = SCHOOL RADIUS (MMSRA)

1,000 FT = SCHOOL, LIBRARY, YOUTH CENTER, PARKS, RECREATION FACILITIES, RELIGIOUS CENTERS (SL ORDINANCE 2013-020)

# NEIGHBORHOOD COMPATIBILITY

NOT TO SCALE