

# City of San Leandro

## Application to Operate a Medical Cannabis Dispensary

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### Phase II Application Requirements



## Introduction & Executive Summary

Harborside Health Center was one of the first medical cannabis dispensaries licensed by the City of Oakland, the first city in the United States to license medical cannabis distribution. Since its opening, Harborside has earned a worldwide reputation for establishing the gold standard for medical cannabis dispensaries and been granted numerous awards and honors. We now seek to bring our distinctive patient and community-centric approach to the City of San Leandro.

Harborside San Leandro (HSL) is a new Not-For-Profit entity closely affiliated with Harborside Health Center (HHC, or Harborside Oakland). HSL will feature a dynamic partnership between medical cannabis industry veterans, local San Leandro residents with deep ties to the community, and other skilled professionals with expertise in diverse areas including business operations, nonprofit operations, patient services, legal compliance, finance, quality assurance, and more.

Several HHC founders and veterans will assist HSL in implementing HHC's best-in-class operating procedures and premium patient experience. HHC will also support HSL by providing some critical functions such as medicine intake, packaging, and social media management. This arrangement will allow HSL to operate more efficiently, reduce costs, and improve security by eliminating individual patient-cultivators entering and exiting the site with medicine in bulk. These transfers will instead take place at HHC, which has a spotless eight-year safety record. In addition, HSL will implement the same level of community engagement and support that earned HHC an official Commendation for Community Service from the Alameda County Board of Supervisors and a benevolent relationship with the City of Oakland.

Mayor Jean Quan observes that, "the entire community of Oakland also sees the positive impact of Harborside's operations... Harborside enthusiastically participates in a number of community events and initiatives... demonstrating the dispensary's commitment to enhancing the community it calls home." (*See Attachment F.*)

**Harborside San Leandro's people, procedures, and policies will build a world-class, gold standard dispensary that San Leandro—or any city—would be proud of for years to come.**

Attached is a checklist detailing HSL's compliance with the San Leandro Municipal Code. (*See Attachment G.*)



### Our Mission

- Help every individual person who comes through our doors feel truly cared for, valued and respected.
- Protect medical cannabis patients by providing a safe and affordable alternative to the dangerous circumstances of the illegal drug market.
- Honor the trust provided by our fellow citizens by rigorously observing and enforcing the laws of the City of San Leandro and the State of California.
- Protect the safety, tranquility and cleanliness of our immediate neighborhood.
- Create an extraordinary environment of medical care, honesty and friendliness.
- Encourage engagement of the mind-body-soul nexus in the healing process.

### Patient Services (Cannabis Products for Sale & Free Services)

HSL will offer the same selection of reliable, lab-tested cannabis medicines and patient services that has made HHC the most respected dispensary in the Bay Area. With full access to its Oakland sister dispensary's eight-year database of patient transactions, HSL is uniquely positioned to understand patients' initial and emerging product preferences. Offerings will include CBD-rich varieties and a wide range of non-smoked products including tinctures, tonics, sublingual sprays, capsules, troches, balms, and lotions. Approximately 250 different products will be regularly available.

HSL will also offer services and classes designed to help patients heal and maintain a healthy lifestyle. Services will be free to members, with no obligation to make a purchase. Practitioners will be drawn from HHC's roster of licensed and insured holistic healers who are deeply familiar with the needs of medical cannabis patients and the most effective options for ancillary treatment. Depending on the needs of the HSL community, patient services may include:

- Peer Counseling
- Support Groups (seniors, vets, women, etc.)
- Acupuncture
- Chiropractic
- Naturopathy
- Therapeutic Yoga
- Ayurvedic Healing
- Nutritional Counseling
- Harm Reduction Drug Abuse Counseling
- Low Income/Fixed Income Compassion (care package) Program
- Resource Referral Service (legal, social, psychological, and economic services)

Additional patient services will be developed and added as needed.

### Membership Verification

HSL Security staff will require new and returning members provide a legal form of ID prior to entering the building. The ID must contain a name, photograph, residential address, date of birth, expiration date, and will be limited to one of the following:

- 1) Driver's License    2) State-issued ID card    3) U.S. Military ID card    4) Passport

Upon verification of the required form of ID, Security staff will announce the patient's arrival and membership status on handheld radio and the patient will be invited to proceed to the dispensary reception area for further verification. New patients will be interviewed by Member Services staff, who will first verify that the recommending doctor is in good standing with the Medical Board of California, and then verify the written recommendation with the recommending doctor. After reviewing HSL rules, new patients will be invited to sign a membership agreement, after which they will be entered into the MJ Freeway patient database as current members. The MJ Freeway software system is a comprehensive seed-to-sale tracking system approved for use in state dispensary systems for both medical and adult use cannabis distribution.

Membership agreements will require patients to agree not to distribute cannabis to non-members and not to use it for other than medical purposes.<sup>1</sup> After completing and signing all verification and membership requirements<sup>2</sup>, new patients will be granted access to make purchases and receive patient services.<sup>3</sup> Returning patients will be verified in MJ Freeway database as current members and the expiration date of their recommendation will be continuously tracked.<sup>4</sup> These procedures will ensure that only qualified and duly verified members can enter the dispensary<sup>5</sup> and access its products and services.<sup>6</sup>

### Patient Experience

HSL will create a tranquil and inviting environment welcoming to a wide diversity of patients, managed by world-class cannabis experts, and "safer than a National Guard armory."<sup>7</sup> Interior elements will include a peaceful and elegant design, natural materials, spotless cleanliness, soothing background music, fresh flowers, and seasonal decoration. Our objective is to create a professional health care environment without the sterile feeling of many medical facilities. Other key aspects of our approach will include exceptionally well-trained and friendly staff with deep and accurate product knowledge, a vast selection of lab-tested medicine, minimal patient wait times, and abundant information, classes, and support groups.

HSL culture will feature a focus on wellness, not intoxication, which will be reflected in all aspects of our operations, from marketing to staff training to sales procedures. We will demonstrate that cannabis can be distributed in a way that brings benefits to San Leandro patients and community.

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<sup>1</sup> Attorney General Guidelines Section IV. B. 3. (b-c) (p.9).

<sup>2</sup> Attorney General Guidelines Section IV. B. 3. (p.9).

<sup>3</sup> Attorney General Guidelines Section IV. B. 3. (p.9).

<sup>4</sup> Attorney General's Guideline Section IV. B. 3. (e) (p.9); Current intention and practice is to use MJ Freeway's premier software suite for inventory tracking, sales, and membership database, however HSL may switch software providers in the future if a superior service offers equivalent or better function.

<sup>5</sup> San Leandro Municipal Code Section 4-33-500(a)(4).

<sup>6</sup> San Leandro Municipal Code Sections 4-33-200(d)(3)(i) and 4-33-500(a)(3).

<sup>7</sup> Comment by Oakland Police Department Robbery Abatement Officer to Steve DeAngelo re: review of HHC Oakland's level of security.

### Inventory

The HSL inventory system has two primary goals: accurate, verifiable tracking of all inventory, and enabling assembly of a daily menu of those products most desired by patients. The backbone of the system is the MJ Freeway Point-Of-Sale (POS) software.

Upon delivery, every batch of product is assigned a unique identification number, which accompanies the product through all stages of the inventory system, and is printed on each retail package, enabling recall of any products found to be defective or unsafe. The product name and quantity received are entered into MJ Freeway, which automatically adjusts inventory numbers as each patient transaction is made. The internal transfer of products within HSL will be tracked via MJ Freeway's secure chain-of-custody feature, which requires transferring staff members to verify the weight and quantity of the products being transferred. Manual inventories will be conducted every month to assess and resolve any inventory discrepancies. At Harborside Oakland, these discrepancies are typically below 1%.

The General Manager or designate will monitor MJ Freeway daily to ensure it is properly recording sales and updating inventory figures. If any problems are identified, staff will manually enter all sales information until such problems are resolved.

Daily selections of products—*the menu*—will be assembled by the General Manager (GM), based on previous sales, optimal inventory product range, current inventory levels, and patient requests.

Each type of information is analyzed in the context of several factors. These include but are not limited to: day, week, holidays, weather, and other products available on the menu. Based on their analysis the GM will then specifically determine items to pull from sales area (usually for repackaging), new items to be added, and items to be put on sale. The GM will also ensure that all products are being properly rotated, and do not exceed their expiration dates. The goal is to provide patients with the freshest products possible, while preventing loss due to stale or damaged items.

#### ► PRODUCT LIST

The cannabis plant contains at least 65 different unique chemical compounds (cannabinoids), each of which has a different therapeutic effect. In order to provide each patient with his or her optimal formulation, HSL will offer patients a daily selection of 250-300 different cannabis products. All will be laboratory tested for potency and safety, with test results made available to patients. The selection will include a variety of cannabinoid profiles and delivery mechanisms.

- **Flowers** are the processed, trimmed buds of the cannabis plant, typically smoked or vaporized. HSL will stock approximately 30 varieties of flowers at different price points, including one or more CBD-rich (low-THC) variety. Flowers will be dispensed in 3.5, 7, 14, and 28-gram retail packages.
- **Edibles** are medical cannabis preparations that are ingested orally, including non-refrigerated food, drink, tinctures, and capsules<sup>8</sup>. HSL will stock approximately 90 varieties of edibles at any given time, including at least one CBD-rich (low-THC) variety.

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<sup>8</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(ii).

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- **Concentrates** are extracts of the active components of cannabis. HSL will offer patients approximately 30 varieties of concentrates, including at least one CBD-rich (low-THC) variety. Concentrates will be dispensed in one-gram retail packages.
- **Topicals** are medical cannabis products applied directly to the skin, such as creams, sprays, balms, salves, and ointments. HSL will offer approximately 20 varieties of topicals; none produce any psychoactive effect, but all are effective for a wide range of skin and muscular disorders. Topicals are packaged in a variety of sizes and containers.
- **Cuttings (or clones)** are small, rooted cannabis cuttings with no visible flowers. HSL will offer a minimum of five varieties of cuttings, for sale to members who are legally able and prefer to grow their own medicine. Cuttings will be checked daily for pests, mold, mildew, and other contaminants. They are packaged in plastic trays and paper bags.
- **Seeds** will also be offered for patients who prefer to self-cultivate. HSL will regularly keep approximately 60 varieties in stock. They are usually packaged in paper envelopes, like other flower and vegetable seeds.
- **Accessories** include vaporizers, medicine safes, pipes, rolling papers, books, and other non-cannabis sundries. HSL will offer a limited selection of accessories for members' convenience and to encourage them to explore the healthiest methods of ingesting cannabis.

### ► CLOSED-CIRCUIT OPERATION

HSL will establish closed-circuit supply and distribution by sourcing its cannabis products exclusively from members in good standing of the greater Harborside collective,<sup>9</sup> which is currently served by existing locations in Oakland and San Jose. The HSL membership agreement will entitle new members to access products and services, and provide medicine at all Harborside locations. Intake and sales of medicine at all locations will be tracked in a unified patient database, keeping all acquisition and distribution of cannabis within a closed circuit of verified medical cannabis patients.<sup>10</sup> MJ Freeway will track patient and inventory numbers to ensure that the inventory on site never exceeds that approved by the City of San Leandro.<sup>11</sup> The unified MJ Freeway database will ensure no patient is dispensed more than two ounces per week, no matter which Harborside location or locations are being accessed, or the number of transactions that take place.

Member deliveries and intake of medicine will be conducted at the Oakland location, which is equipped with on-site testing apparatus, is staffed by the most experienced cannabis experts in the industry, and can accommodate greater patient flow. This approach will minimize traffic at the San Leandro location, optimize product selection and quality control, and reduce costs.

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<sup>9</sup> Attorney General Guidelines Section IV. B. 5. (p.9).

<sup>10</sup> San Leandro Municipal Code Section 4-33-200(d)(3)(ii).

<sup>11</sup> San Leandro Municipal Code Section 4-33-500(a)(6).

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Transportation from Oakland to San Leandro will be secure, GPS-tracked, and performed by trained and fully insured employees. The General Manager (GM) or designate will record the incoming inventory in MJ Freeway by creating a transfer order, then verifying and reconciling the labeled package weights with the actual weight received at the time of delivery. The GM will identify any discrepancies in weight or counts at this time. Upon successful receipt of new inventory, the GM will record the following into the system:

- A description of the medical cannabis acquired, including quantity, strain and batch number;
- And the names of the employees making and receiving the delivery.

The GM will enter the necessary information; barcoded labels containing all requisite compliance information will be printed directly from MJ Freeway and affixed to each item. The GM is responsible for ensuring that each inventory item is barcoded properly before it is transferred to the secure storage area. Any discrepancies are documented and reported to senior management.

Any member whose identification card or physician recommendation is invalid or expired, or who is caught diverting cannabis for non-medical use, shall have their membership suspended or terminated, and there will be no transactions with them until and unless they are in good standing.

### ► EDIBLES

HSL will focus on cannabis edibles that emphasize a therapeutic, rather than confectionary approach. These include “cannaceuticals” such as tinctures, capsules, sublingual sprays, lozenges, and troches. All will be labeled with milligrams/dose, and patients will be advised how to safely titrate their dosage. A staff member specially trained and certified for edible cannabis expertise will be on premises all shifts, and patients will be advised to carefully titrate their dosage.

All edibles dispensed by HSL will meet state and local requirements, including: preparation by members in good standing,<sup>12</sup> individual wrapping at the original point of preparation,<sup>13</sup> no requirement for refrigeration or hot holding,<sup>14</sup> thorough hand washing prior to production or handling, gloves required on all staff during packaging,<sup>15</sup> individuals with symptoms of gastrointestinal illness or communicable illness prohibited from preparing or handling edibles, and individuals with sores or cuts on their hands must use gloves when preparing and handling edible cannabis products.<sup>16</sup> HSL will require any member who produces edible cannabis products for more than one dispensary in the City or Alameda County to become a State-certified food handler, and will keep that member’s valid certificate number and copy of the certificate on record.<sup>17</sup>

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<sup>12</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(vii).

<sup>13</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iii).

<sup>14</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(i).

<sup>15</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(v).

<sup>16</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(vi).

<sup>17</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(viii).

### Staffing

The HSL team will feature a synthesis of current Harborside employees with demonstrated track records of outstanding performance and long-time San Leandro residents with deep connections to the community. The former will provide world-class cannabis expertise, and intimate familiarity with the Harborside culture of wellness and community engagement. The latter will provide an understanding of the City of San Leandro and sensitivity to its concerns, and help ensure that the Harborside model is effectively adapted to local conditions. HSL staff will manage and operate the dispensary on a day-to-day basis, and will consult with board members and other managers.

Recruiting and HR oversight will be managed by Christopher Esposito, SPHR, a certified Senior Professional in Human Resources with over 25 years of experience in both non-profit and for-profit organizations. Initial and ongoing training will be provided by Harborside Oakland's Education department and proprietary training system, which includes operational manuals, and trainer and trainee handbooks, for every department and staff position.

All full-time staff will earn competitive living wages, with health insurance, sick leave, vacation, and a 401K retirement program with company matching. Staff members are also invited to access the full range of free patient services offered by HSL.

### Recordkeeping

HSL will make building a cooperative and trusting relationship with the City a top priority, and views meticulous recordkeeping as one of many ways to demonstrate compliance, and engender mutual confidence. To this end, HSL will provide the City full access to all books, records, accounts and data upon request, in less than 24 hours.<sup>18</sup>

Accurate counts of members and inventory will be updated in real time, and continuously maintained with the MJ Freeway system. Those counts will be provided to the City each quarter, and will be available as necessary upon request at any time.<sup>19</sup> HSL will also keep a general ledger of cash transactions, member contributions, and all other transactions.<sup>20</sup>

HSL views effective communication with patients as a key part of its business model, and will proactively seek out and act on patient feedback. Our goal is to always make patients comfortable providing constructive criticism directly to staff or managers, but we recognize some patients will prefer to make complaints anonymously. Therefore, an anonymous suggestion box will be prominently placed at the reception counter for all patients, and those who choose to identify themselves will receive a direct response from management. A log of these complaints will be maintained, and made available to the City upon request.<sup>21</sup>

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<sup>18</sup> San Leandro Municipal Code Section 4-33-500(b)(5).

<sup>19</sup> San Leandro Municipal Code Section 4-33-500(b)(1-3); Attorney General Guidelines Section IV.B.3.(d)(p.9).

<sup>20</sup> San Leandro Municipal Code Section 4-33-500(b)(4).

<sup>21</sup> San Leandro Municipal Code Section 4-33-500(b)(6).



### Not-For-Profit Operation

HSL's Corporate Bylaws explicitly require Not-For-Profit operation, stating:

*This corporation is not for the profit of any individual or shareholder. No part of this corporation's net earnings shall be distributed to, or inure to the benefit of, any individual or shareholder.*

The Board of Directors takes this mandate with the utmost seriousness. HSL's financial controls prohibit any direct distribution of profit: no dividends, no draws, and no sales of equity to investors. HSL financial controls then go one step further by ensuring there is no disguised distribution of profit in the form of excessive management salaries or related party transactions. All management salaries are set on the basis of salary surveys, performed by HSL's Certified Public Accounting firm, at reasonable levels based on similar qualifications for similar jobs in similar markets. Any services provided to HSL by HHC will be reimbursed on an at-cost basis, and will be explicitly identified in the financials submitted to the City each quarter.

Start-up funding for HSL will be provided exclusively by Harborside Health Center and Dark Heart Nursery, both of which are non-profit medical cannabis organizations. This funding will be provided on a debt basis, at competitive interest rates. No financing will be accepted from any profit-making entities, on a debt or any other basis.

Like all retail businesses, HSL prices will include a margin above cost of goods. Unlike profit-making retailers, the HSL margin will be "reasonably calculated to cover overhead costs and operating expense,"<sup>22</sup> minimizing net retained earnings (profits). All net retained earnings will be reserved for any legal or financial contingencies, and fulfillment of the non-profit mandate. No net retained earnings will be distributed as profit, per state and San Leandro law.<sup>23</sup> While some dispensaries choose to stretch the boundaries of this definition by affiliating with large, publicly traded, for-profit corporations, HSL has interpreted California law more conservatively and operates on a strictly Not-For-Profit basis.

The main means of fulfilling the Not-For-Profit mandate is HSL's pledge to donate 5% of gross revenue to community benefit organizations serving San Leandro, and to the free patient services listed above. As per HSL financial projections, the amount devoted to fulfillment of this mandate is expected to reach a total of over \$500,000 in the first three years. The HSL Advisory Board will solicit grant requests from community benefit organizations serving San Leandro, and allocate funding to important needs of the community.

Community service—not profit—has always been the primary goal of the Harborside collective. For each of the past eight years, Harborside Oakland has submitted its complete financials to city auditors, to confirm its strict compliance with California's Not-For-Profit requirements for medical cannabis. The auditors have never raised a single question about the accuracy of those records, or the veracity of Harborside's non-profit operation.

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<sup>22</sup> Attorney General Guidelines Section IV. B. 6. (p.9).

<sup>23</sup> California Health and Safety Code § 11362.765(a); Attorney General Guidelines Section IV. B. 1 (p.9); San Leandro Municipal Code Section 4-33-500(a)(5).

### Legal Conformance

HSL's legal conformance with state and local laws, and the Attorney General's Guidelines, is footnoted in detail throughout this application packet. HSL retains expert legal counsel<sup>24</sup> to advise it on conformance not only during inception and startup, but also on an ongoing basis, as the legal environment is dynamic and ever changing. HSL's key legal conformance standards include:

- Compliance with Calif. Health & Safety Code §11362.5 by including only qualified patients and primary caregivers in its membership.
- Compliance with Calif. Health & Safety Code §11362.7 et seq., and the Attorney General's guidelines by facilitating the collective association of patients and caregivers to produce and distribute medical cannabis in a closed circuit amongst themselves, and only themselves.<sup>25</sup>
- Compliance with every Attorney General's Guideline for dispensaries, as indicated throughout this application (see citations to specific AGG sections); including guidelines regarding business form, member verification, taxes, non-diversion, records, closed-circuit supply and distribution, security provisions, cost allocation, possession limits, cash handling, and nuisance prevention.
- Compliance with the US Department of Justice's eight guidelines for cannabis distribution.<sup>26</sup>
- Regularly updated compliance with California's evolving appellate case law.
- Compliance with all applicable local codes, including City Building Code, Fire Code, Plumbing Code, and Electrical Code.<sup>27</sup>

### Premises

Location: Harborside San Leandro will be located at 130 Doolittle Dr., which is comprised of two suites in a business park environment with 4320 square feet of total available space. The suites are joined, and have two front-facing main entrances. The entire space is configured with up-to-date fire suppression and sprinklers. Adjacent businesses include a garden supply store and a chocolate manufacturer, both of which are friendly to our use. Convenient vehicle access is provided from Davis St., 98th Ave., or Hegenberger Rd. from I-880, and public transportation is available within one city block (0.3 miles) via the #73 Bus stop at Hegenberger Rd. and Doolittle Dr.

The property is zoned Industrial General<sup>28</sup> and is located over 1000 feet from any public or private school, public library, youth center (serving ages 18 and under), parks and recreation facility, facility of religious worship and incidental religious education, or another dispensary, and 500 feet from a residential zone.<sup>29</sup> (*See Attachment E, Site Survey.*)

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<sup>24</sup> HSL's attorney, James Anthony, has nine years of experience working exclusively in medical cannabis dispensary compliance following his three years as an Oakland City Attorney Community/Nuisance Prosecutor (Neighborhood Law Corps).

<sup>25</sup> Attorney General Guidelines Section IV. B. 4. (p.9); San Leandro Municipal Code Section 4-33-200(d)(2)

<sup>26</sup> Deputy Attorney General James M. Cole, Memorandum For All United States Attorneys, Subject: Guidance Regarding Marijuana Enforcement, August 29, 2013.

<sup>27</sup> San Leandro Municipal Code Section 4-33-300(a).

<sup>28</sup> San Leandro Municipal Code Section 4-33-200(c)(1).

<sup>29</sup> San Leandro Municipal Code Sections 4-33-200(d)(1); 4-33-200(c)(1).



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The exterior appearance will be low key and consistent with neighboring businesses. Exterior signage will be used to guide patients to the correct entrance, not to promote the business. Consumption of medical cannabis, sale of alcohol and food, and congregation areas will not be allowed on premises.<sup>30</sup> HSL's operating hours will be within 9am to 7pm.<sup>31</sup> HSL will post copies of its Business License Certificate and Cannabis Dispensary Permit in conspicuous places, as well as patient notice signs as required.<sup>32</sup> Exterior signage will be limited to one wall sign that will not exceed 10 sq. ft. and one identifying sign that will not exceed 2 sq. ft., with no direct illumination.<sup>33</sup>

## Schedule of Startup Activities

This timeline includes key benchmark activities relative to the start-up, ramp up, and fully operational phases of the collective's first year of operations. This timeline does not include every line item expense, nor does it include all assumptions in the budget. For detailed list of all expenditures during the first year of operations, please see the pro forma. (*See Attachments A-D.*)

Key Benchmarks	Due date	Responsible Party	Cost associated
Pre-opening project management	1/15/15	HSL Team	25,000
Submit Phase I & II Applications	01/15/15	HSL Team	\$942
Submit Phase II Fee payment	01/15/15	HSL Team	\$3,000
Submit Phase III Fee payment	01/16/15	HSL Team	\$7,000
Receive City Staff recommendation	02/15/15	SL City staff	-
Perform public presentation at Council	03/01/15	HSL Team	-
Submit CUP application	03/02/15	HSL Team	TBD
Receive CUP	03/08/15	HSL Team	-
Execute lease/Pay 1st months rent and security deposit	03/09/15	HSL Team	\$11,556
Finalize facility design/Secure all plans	03/08/15	HSL Team	\$3,000
Implement insurance policy	03/09/15	HSL Team	\$8,333
Solicit bids from contractors	03/09/15	HSL Team	\$87,500
Submit plans to city for construction permits	03/15/15	HSL Team	\$2,000
Receive permits	04/16/15	SL City staff	-
Begin construction	04/17/15	HSL Team	-
Initiate building inspections	05/17/15	SL City staff	-
Install security/alarm systems	05/22/15	HSL Team	-
Prepare and install technical infrastructure	05/23/15	HSL Team	-
Test all technical systems	05/28/15	HSL Team	-
Initiate staff training	06/01/15	HSL Team	\$2,000
Install final design elements	06/03/15	HSL Team	-
Implement Mock run through of operations	06/06/15	HSL Team	-
Request Final inspection by city (?)	06/07/15	SL City staff	-
Initiate Press release and social media launch	06/08/15	HSL Team	-
Initiate Grand opening	06/10/15	HSL Team	-
Begin regional Marketing plan	06/10/15	HSL Team	\$30,000
Analyze 1st month of operations, provide data to City of SL	07/01/15	HSL Team	\$0
Establish community impact study	08/01/15	HSL Team	-
Analyze 90 day performance data	09/01/15	HSL Team	-
Meet with stakeholders to discuss issues, improvements	10/01/15	HSL Team	-
Implement expansion of any necessary infrastructure	11/01/15	HSL Team	-
Invite Annual review by City of SL	01/15/16	SL City staff	-

<sup>30</sup> San Leandro Municipal Code Section 4-33-500(a)(12); 4-33-500(a)(13).

<sup>31</sup> San Leandro Municipal Code Section 4-33-500(a)(7).

<sup>32</sup> San Leandro Municipal Code Section 4-33-500(a)(14); 4-33-500(e)(2).

<sup>33</sup> San Leandro Municipal Code Section 4-33-500(e)(1).

### Harborside San Leandro First Year Capital Budget.

Security			
	\$ per Unit	# Units	\$ Total
Cameras & Audio Recorders: Exterior (night vision; point-tilt-zoom)	\$ 600	10	\$ 6,000
Cameras & Audio Recorders: Interior	\$ 300	20	\$ 6,000
<b>Cameras &amp; Audio Recorders: Subtotal</b>		<b>30</b>	<b>\$ 12,000</b> USD
Access Control: Metal Detector	\$ 3,500	1	\$ 3,500
Access Control: Biometric Door Locks (interior)	\$ 300	10	\$ 3,000
Access Control: Biometric Door Locks (exterior)	\$ 600	3	\$ 1,800
Access Control: Window Breakage Monitor	\$ 100	20	\$ 2,000
Access Control: Door Alarms	\$ 600	3	\$ 1,800
<b>Access Control: Subtotal</b>		<b>37</b>	<b>\$ 12,100</b> USD
System: Alarms	\$ 500	5	\$ 2,500
System: Video Monitors	\$ 300	4	\$ 1,200
System: Server	\$ 500	1	\$ 500
System: Software License	\$ 1,600	1	\$ 1,600
<b>System: Subtotal</b>		<b>11</b>	<b>\$ 5,800</b> USD
Secured Storage: Safes	\$ 2,500	2	\$ 5,000
Secured Storage: Refrigerator w/ Locks	\$ 750	1	\$ 750
Secured Storage: Freezer w/ Locks	\$ 750	1	\$ 750
<b>Secured Storage: Subtotal</b>		<b>4</b>	<b>\$ 6,500</b> USD
Security - Contingency			1.10x
<b>Security - incl 10% contingency</b>			<b>\$ 40,040</b> USD

General Construction			
	\$ per Unit	# Units	\$ Total
Demolition, Clean-up & Construction Preparation	\$ 5,000	1	\$ 5,000
<b>Demolition, Clean-up &amp; Construction Preparation</b>		<b>1</b>	<b>\$ 5,000</b> USD
Interior Finishing: Ceiling Refurbishment, incl Painting	\$ 5,000	1	\$ 5,000
Interior Finishing: Wall Refurbishment, incl Painting	\$ 20,000	1	\$ 20,000
Interior Finishing: Floor Refurbishment, incl Painting	\$ 5,000	1	\$ 5,000
Interior Finishing: Door Refurbishment, incl Painting	\$ 2,500	1	\$ 2,500
<b>Interior Finishing: Subtotal</b>		<b>4</b>	<b>\$ 32,500</b> USD
Heating, Venting & Air-Conditioning (HVAC): Air Purifiers	\$ 1,000	3	\$ 3,000
<b>Heating, Venting &amp; Air-Conditioning (HVAC): Air Purifiers</b>		<b>3</b>	<b>\$ 3,000</b> USD
Electrical: Wiring & Cabling	\$ 3,000	1	\$ 3,000
<b>Electrical: Subtotal</b>		<b>1</b>	<b>\$ 3,000</b> USD
Plumbing: Piping & Fitting	\$ 1,000	1	\$ 1,000
Plumbing: Fixtures	\$ 500	1	\$ 500
<b>Plumbing: Subtotal</b>		<b>2</b>	<b>\$ 1,500</b> USD
Exterior Finishing: Signage	\$ 500	1	\$ 500
Exterior Finishing: Landscaping	\$ 1,000	0	\$ -
<b>Exterior Finishing: Subtotal</b>		<b>1</b>	<b>\$ 500</b> USD
Soft Costs: Design	\$ 2,000	1	\$ 2,000
Soft Costs: Permitting	\$ 3,000	1	\$ 3,000
<b>Soft Costs: Subtotal</b>		<b>2</b>	<b>\$ 5,000</b> USD
General Construction - Contingency			1.10x
<b>General Construction - incl soft costs &amp; 10% contingency</b>			<b>\$ 55,550</b> USD

General Construction - Contingency	1.10x
<b>General Construction - incl soft costs &amp; 10% contingency</b>	<b>\$ 55,550 USD</b>

#### Furniture, Fixtures & Equipment

	\$ per Unit	# Units	\$ Total
Shelving & Display Cases: Educational Materials	\$ 500	4	\$ 2,000
Furniture & Fixtures: Patient Waiting Area	\$ 750	1	\$ 750
Furniture & Fixtures: Private Counseling Rooms	\$ 500	2	\$ 1,000
Furniture & Fixtures: Employee Break Room	\$ 2,500	1	\$ 2,500
Furniture & Fixtures: Employee Offices	\$ 500	2	\$ 1,000
<b>Furniture &amp; Fixtures: Subtotal</b>		<b>10</b>	<b>\$ 7,250 USD</b>

Point-of-Sale (POS): Cash Register	\$ 250	4	\$ 1,000
Point-of-Sale (POS): Monitor, Keyboard, Mouse & Computer	\$ 1,350	4	\$ 5,400
Point-of-Sale (POS): Payment Card Reader	\$ 250	4	\$ 1,000
Point-of-Sale (POS): Secured Medicine Display Cases	\$ 2,000	4	\$ 8,000
<b>Point-of-Sale (POS): Subtotal</b>		<b>16</b>	<b>\$ 15,400 USD</b>

Furniture, Fixtures & Equipment - Contingency	1.10x
<b>Furniture, Fixtures &amp; Equipment - incl 10% Contingency</b>	<b>\$ 24,915 USD</b>
<b>Total First Year Capital Expenditures - incl 10% Contingency</b>	<b>\$ 120,505 USD</b>

#### Summary of Capitalizaiton Required

First Year Capital Expenditures	\$ 120,505
Landlord Security Deposit	\$ 17,597
Initial Inventory Build	\$ 171,998
Pre-Opening Launch Expenses	\$ 184,495
Other Post-opening Working Capital	\$ 82,303
<b>Grand Total</b>	<b>\$ 576,898</b>

**San Leandro Retail - Pro Forma Operating Budget (2015)**

	Calendar Year 2015				
	Q1	Q2	Q3	Q4	CY 2015
<b>Operating Model</b>					
Revenue	\$ -	\$ -	\$ 282,788	\$ 610,737	\$ 893,525
Cost of Revenue	-	-	149,878	323,691	473,568
Gross Profit	\$ -	\$ -	\$ 132,910	\$ 287,046	\$ 419,957
Variable Labor Expense	\$ -	\$ -	\$ 134,466	\$ 138,000	\$ 272,466
Facility Expenses: Total	8,798	21,122	48,987	54,995	133,903
Marketing Expense	-	-	32,417	9,772	42,188
<b>Community Benefit Fund</b>	-	-	-	-	-
Permit & Pre-Opening Project Management Fees	\$ 32,942	\$ -	\$ -	\$ -	\$ 32,942
Site Management Staff Compensation	-	-	56,530	56,530	113,061
Payment Card Processing Fees	-	-	2,121	4,581	6,701
Hiring, Training & Employee Events Expenses	-	-	1,414	3,054	4,468
Legal Services Expenses	-	15,000	1,414	3,054	19,468
Liability Insurance Expense	-	15,000	7,500	7,500	30,000
IT / Systems Services Expenses	-	-	1,000	3,000	4,000
Tax & Audit Services Expenses	-	-	1,667	5,000	6,667
Office Supplies, Services & Equipment Expenses	-	-	4,000	12,000	16,000
Lobbying & Contributions Expenses	-	-	4,000	6,000	10,000
Contingency for Miscellaneous Expenses	-	-	7,000	6,000	13,000
Overhead Expenses	\$ 32,942	\$ 30,000	\$ 86,646	\$ 106,718	\$ 256,306
Operating Expenses (post 280e)	\$ 41,740	\$ 51,122	\$ 302,515	\$ 309,485	\$ 704,863
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	\$ (41,740)	\$ (51,122)	\$ (165,588)	\$ (16,414)	\$ (274,864)
Interest Expense Paid	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Before Income Taxes	\$ (41,740)	\$ (51,122)	\$ (169,605)	\$ (22,439)	\$ (284,906)
Income Tax Owed (Benefit): Federal & State	\$ (15,350)	\$ (18,800)	\$ (53,923)	\$ 9,024	\$ (79,049)
Net Income	\$ (26,390)	\$ (32,322)	\$ (115,682)	\$ (31,464)	\$ (205,857)

**San Leandro Retail - Pro Forma Operating Budget (2016)**

	Calendar Year 2016				
	Q1	Q2	Q3	Q4	CY 2016
<b>Operating Model</b>					
Revenue	\$ 829,634	\$ 1,063,657	\$ 1,319,644	\$ 1,574,349	\$ 4,787,285
Cost of Revenue	439,706	563,738	699,412	834,405	2,537,261
Gross Profit	\$ 389,928	\$ 499,919	\$ 620,233	\$ 739,944	\$ 2,250,024
Variable Labor Expense	\$ 139,503	\$ 142,998	\$ 155,250	\$ 179,111	\$ 616,862
Facility Expenses: Total	55,492	55,712	56,152	56,152	223,508
Marketing Expense	13,274	17,019	21,114	25,190	76,597
<b>Community Benefit Fund</b>	<b>41,482</b>	<b>53,183</b>	<b>65,982</b>	<b>78,717</b>	<b>239,364</b>
Permit & Pre-Opening Project Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Site Management Staff Compensation	57,774	110,873	110,873	110,873	390,394
Payment Card Processing Fees	6,222	7,977	9,897	11,808	35,905
Hiring, Training & Employee Events Expenses	4,148	5,318	6,132	6,132	21,730
Legal Services Expenses	4,148	5,318	6,132	6,132	21,730
Liability Insurance Expense	7,665	7,665	7,665	7,919	30,914
IT / Systems Services Expenses	3,066	3,066	3,066	3,066	12,264
Tax & Audit Services Expenses	5,110	5,110	5,110	5,110	20,440
Office Supplies, Services & Equipment Expenses	12,264	12,264	12,264	12,264	49,056
Lobbying & Contributions Expenses	6,132	6,132	6,132	6,132	24,528
Contingency for Miscellaneous Expenses	6,132	6,132	6,132	6,132	24,528
Overhead Expenses	\$ 154,143	\$ 223,039	\$ 239,386	\$ 254,285	\$ 870,854
Operating Expenses (post 280e)	\$ 362,413	\$ 438,768	\$ 471,902	\$ 514,738	\$ 1,787,820
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	\$ 33,541	\$ 67,176	\$ 154,356	\$ 231,232	\$ 486,305
Interest Expense Paid	\$ -	\$ 5,728	\$ 17,290	\$ 17,262	\$ 40,280
Earnings Before Income Taxes	\$ 27,515	\$ 55,423	\$ 131,041	\$ 207,945	\$ 421,924
Income Tax Owed (Benefit): Federal & State	\$ 32,845	\$ 48,883	\$ 83,008	\$ 117,574	\$ 282,309
Net Income	\$ (5,330)	\$ 6,540	\$ 48,033	\$ 90,371	\$ 139,615

**San Leandro Retail - Pro Forma Operating Budget (2017)**

	Calendar Year 2017				
	Q1	Q2	Q3	Q4	CY 2017
<b>Operating Model</b>					
Revenue	\$ 1,721,120	\$ 1,774,337	\$ 1,828,851	\$ 1,864,813	\$ 7,189,120
Cost of Revenue	912,194	940,398	969,291	988,351	3,810,234
Gross Profit	\$ 808,926	\$ 833,938	\$ 859,560	\$ 876,462	\$ 3,378,886
Variable Labor Expense	\$ 203,875	\$ 216,976	\$ 230,315	\$ 230,315	\$ 881,480
Facility Expenses: Total	56,660	56,885	57,336	57,336	228,216
Marketing Expense	27,538	28,389	29,262	29,837	115,026
<b>Community Benefit Fund</b>	<b>86,056</b>	<b>88,717</b>	<b>91,443</b>	<b>93,241</b>	<b>359,456</b>
Permit & Pre-Opening Project Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Site Management Staff Compensation	113,312	113,312	113,312	113,312	453,250
Payment Card Processing Fees	12,908	13,308	13,716	13,986	53,918
Hiring, Training & Employee Events Expenses	6,267	6,267	6,267	6,267	25,068
Legal Services Expenses	6,267	6,267	6,267	6,267	25,068
Liability Insurance Expense	8,606	8,872	9,144	9,324	35,946
IT / Systems Services Expenses	3,133	3,133	3,133	3,133	12,534
Tax & Audit Services Expenses	5,222	5,222	5,222	5,222	20,890
Office Supplies, Services & Equipment Expenses	12,534	12,534	12,534	12,534	50,135
Lobbying & Contributions Expenses	6,267	6,267	6,267	6,267	25,068
Contingency for Miscellaneous Expenses	6,267	6,267	6,267	6,267	25,068
Overhead Expenses	\$ 266,840	\$ 270,166	\$ 273,573	\$ 275,821	\$ 1,086,399
Operating Expenses (post 280e)	\$ 554,912	\$ 572,416	\$ 590,485	\$ 593,308	\$ 2,311,121
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	\$ 260,039	\$ 267,548	\$ 275,100	\$ 289,179	\$ 1,091,866
Interest Expense Paid	\$ 16,861	\$ 16,332	\$ 15,782	\$ 15,211	\$ 64,186
Earnings Before Income Taxes	\$ 237,153	\$ 245,191	\$ 253,293	\$ 267,943	\$ 1,003,579
Income Tax Owed (Benefit): Federal & State	\$ 131,986	\$ 136,255	\$ 140,580	\$ 146,855	\$ 555,676
Net Income	\$ 105,167	\$ 108,935	\$ 112,713	\$ 121,088	\$ 447,903

# 1 Business Plan Summary and Budgets

## San Leandro Retail - Pro Forma Cash Flow Projections

Calendar Year 2015													Calendar Year 2016												
Month Ending:	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4																
Calendar Quarter	2015	2015	2015	2015		2016	2016	2016	2016																
Calendar Year	3/31/2015	6/30/2015	9/30/2015	12/31/2015		3/31/2016	6/30/2016	9/30/2016	12/31/2016																
Operating Model																									
Revenue	\$ -	\$ -	\$ 282,788	\$ 610,737	\$ 893,525	\$ 829,634	\$ 1,063,657	\$ 1,319,644	\$ 1,574,349	\$ 4,787,285															
Cost of Revenue	\$ -	\$ -	\$ 149,878	\$ 323,691	\$ 473,568	\$ 439,706	\$ 563,738	\$ 699,412	\$ 834,405	\$ 2,537,261															
Gross Profit	\$ -	\$ -	\$ 132,910	\$ 287,046	\$ 419,957	\$ 389,928	\$ 499,919	\$ 620,233	\$ 739,944	\$ 2,250,024															
Variable Labor Expense (fully-loaded; post-280e allocation to COGS)	\$ -	\$ -	\$ 134,466	\$ 138,000	\$ 277,466	\$ 139,503	\$ 142,998	\$ 155,250	\$ 179,111	\$ 616,862															
Facility Expenses: Total (incl dep & credits; post-280e allocations to COGS)	\$ 8,798	\$ 21,122	\$ 48,987	\$ 54,995	\$ 133,903	\$ 55,492	\$ 56,712	\$ 56,152	\$ 56,152	\$ 223,508															
Marketing Expense	-	-	\$ 32,417	\$ 9,772	\$ 42,188	\$ 13,274	\$ 17,019	\$ 21,114	\$ 25,190	\$ 76,597															
Community Benefit Fund	-	-	-	-	-	\$ 41,482	\$ 53,183	\$ 65,982	\$ 78,717	\$ 239,364															
Permit & Pre-Opening Project Management Fees	\$ 32,942	\$ -	\$ -	\$ -	\$ 32,942	\$ -	\$ -	\$ -	\$ -	\$ -															
Site Management Staff Compensation (fully-loaded)	-	-	\$ 56,530	\$ 56,530	\$ 113,061	\$ 57,774	\$ 110,873	\$ 110,873	\$ 110,873	\$ 390,394															
Payment Card Processing Fees	-	-	\$ 2,121	\$ 4,581	\$ 6,701	\$ 6,222	\$ 7,977	\$ 9,897	\$ 11,808	\$ 35,905															
Hiring, Training & Employee Events Expenses	-	-	\$ 1,414	\$ 3,054	\$ 4,468	\$ 4,148	\$ 5,318	\$ 6,132	\$ 6,132	\$ 21,730															
Legal Services Expenses	-	-	\$ 15,000	\$ 3,054	\$ 19,468	\$ 4,148	\$ 5,318	\$ 6,132	\$ 6,132	\$ 21,730															
Liability Insurance Expense	-	-	\$ 15,000	\$ 7,500	\$ 30,000	\$ 7,665	\$ 7,665	\$ 7,665	\$ 7,919	\$ 30,914															
IT / Systems Services Expenses	-	-	\$ 1,000	\$ 3,000	\$ 4,000	\$ 3,066	\$ 3,066	\$ 3,066	\$ 3,066	\$ 12,264															
Tax & Audit Services Expenses	-	-	\$ 1,667	\$ 5,000	\$ 6,667	\$ 5,110	\$ 5,110	\$ 5,110	\$ 5,110	\$ 20,440															
Office Supplies, Services & Equipment Expenses	-	-	\$ 4,000	\$ 12,000	\$ 16,000	\$ 12,264	\$ 12,264	\$ 12,264	\$ 12,264	\$ 49,056															
Lobbying & Contributions Expenses (not tax-deductible)	-	-	\$ 4,000	\$ 6,000	\$ 10,000	\$ 6,132	\$ 6,132	\$ 6,132	\$ 6,132	\$ 24,528															
Contingency for Miscellaneous Expenses	-	-	\$ 7,000	\$ 6,000	\$ 13,000	\$ 6,132	\$ 6,132	\$ 6,132	\$ 6,132	\$ 24,528															
Overhead Expenses	\$ 32,942	\$ 30,000	\$ 86,646	\$ 106,718	\$ 256,306	\$ 154,143	\$ 223,039	\$ 239,386	\$ 254,285	\$ 870,854															
Operating Expenses (post-280e allocations to COGS)	\$ 41,740	\$ 51,122	\$ 302,515	\$ 309,485	\$ 704,863	\$ 362,413	\$ 438,768	\$ 471,902	\$ 514,738	\$ 1,787,820															
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	\$ (41,740)	\$ (51,122)	\$ (165,588)	\$ (16,414)	\$ (274,864)	\$ 33,541	\$ 67,176	\$ 154,356	\$ 231,232	\$ 486,305															
Interest Expense Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,728	\$ 17,290	\$ 17,262	\$ 40,280															
Earnings Before Income Taxes	\$ (41,740)	\$ (51,122)	\$ (169,605)	\$ (22,439)	\$ (284,906)	\$ 27,515	\$ 55,423	\$ 131,041	\$ 207,945	\$ 421,924															
Income Tax Owed (Benefit): Federal & State	\$ (15,350)	\$ (18,800)	\$ (53,923)	\$ 9,024	\$ (79,049)	\$ 32,845	\$ 48,883	\$ 83,008	\$ 117,574	\$ 282,309															
Net Income	\$ (26,390)	\$ (3,222)	\$ (115,682)	\$ (31,464)	\$ (205,857)	\$ (5,330)	\$ 6,540	\$ 48,033	\$ 90,371	\$ 139,615															
Adjustments to Pre-tax Income to Calculate Cash-on-Cash Returns																									
Add: Facility Expenses: Depreciation of Tenant-paid TIs	\$ -	\$ -	\$ 4,017	\$ 6,025	\$ 10,042	\$ 6,025	\$ 6,025	\$ 6,025	\$ 6,025	\$ 24,101															
Subtract: Upfront, Tenant-paid TIs (net of financing) & Other Upfront Facility Outlays	\$ -	\$ -	\$ 77,849	\$ 60,253	\$ 138,102	\$ -	\$ -	\$ -	\$ -	\$ -															
Subtract: Future Tenant-paid Re-model TIs (excl potential financing)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -															
Subtract: Pay-down of Principal Balance, during period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -															
Subtract: Working Capital Needs: Inventory	\$ -	\$ -	\$ -	\$ 95,780	\$ 95,780	\$ 40,208	\$ 36,010	\$ 49,011	\$ 44,813	\$ 170,042															
Subtract: Income Tax Paid: Federal & State	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,679	\$ 83,008	\$ 117,574	\$ 203,260															
Total Net Cash Adjustments to Pre-tax Income	\$ -	\$ -	\$ (77,849)	\$ (56,236)	\$ (89,755)	\$ (34,183)	\$ (32,663)	\$ (125,993)	\$ (160,899)	\$ (353,338)															
Earnings Before Income Taxes	\$ (41,740)	\$ (51,122)	\$ (169,605)	\$ (22,439)	\$ (284,906)	\$ 27,515	\$ 55,423	\$ 131,041	\$ 207,945	\$ 421,924															
Total Net Cash Flows	\$ (41,740)	\$ (128,971)	\$ (225,841)	\$ (112,194)	\$ (508,746)	\$ (6,667)	\$ 22,760	\$ 5,047	\$ 47,046	\$ 68,186															
Total Cash Needs (incl 1.1x buffer, on top of Capital Budget contingencies)																									
Upfront, Tenant-paid TIs (net of financing) & Other Upfront Facility Outlays																									
Initial Inventory Build (first 11 months of rev ops)																									
Pre-Opening Launch Expenses (excl inventory)																									
Other Post-Opening Working Capital																									



# 1 Business Plan Summary and Budgets

## San Leandro Retail - Pro Forma Cash Flow Projections

Month Ending: Calendar Quarter Calendar Year Calendar Quarter Ending:	Calendar Year 2017											
	CY 2015			CY 2016			Q1			Q2		
	2015 12/31/2015	2016 12/31/2016	2017 3/31/2017	2016 12/31/2016	2017 3/31/2017	2017 6/30/2017	2017 9/30/2017	2017 12/31/2017	2017 12/31/2017	2017 12/31/2017	2017 12/31/2017	2017 12/31/2017
<b>Operating Model</b>												
Revenue	\$ 893,525	\$ 4,787,285	\$ 1,721,120	\$ 4,787,285	\$ 1,721,120	\$ 1,774,337	\$ 1,828,851	\$ 1,864,813	\$ 1,864,813	\$ 7,189,120		
Cost of Revenue	\$ 473,568	\$ 2,537,261	\$ 912,194	\$ 2,537,261	\$ 912,194	\$ 940,398	\$ 969,291	\$ 988,351	\$ 988,351	\$ 3,810,234		
Gross Profit	\$ 419,957	\$ 2,250,024	\$ 808,926	\$ 2,250,024	\$ 808,926	\$ 833,938	\$ 859,560	\$ 876,462	\$ 876,462	\$ 3,378,886		
Variable Labor Expense (fully-loaded; post-280e allocation to COGS)	\$ 272,466	\$ 616,862	\$ 203,875	\$ 616,862	\$ 203,875	\$ 216,976	\$ 230,315	\$ 230,315	\$ 230,315	\$ 881,480		
Facility Expenses: Total (incl dep & credits; post-280e allocations to COGS)	\$ 133,903	\$ 223,508	\$ 56,660	\$ 223,508	\$ 56,660	\$ 56,885	\$ 57,336	\$ 57,336	\$ 57,336	\$ 228,216		
Marketing Expense	\$ 42,188	\$ 76,597	\$ 27,538	\$ 76,597	\$ 27,538	\$ 28,389	\$ 29,262	\$ 29,837	\$ 29,837	\$ 115,026		
<b>Community Benefit Fund</b>												
Permit & Pre-Opening Project Management Fees	\$ 32,942	\$ 239,364	\$ 86,056	\$ 239,364	\$ 86,056	\$ 88,717	\$ 91,443	\$ 93,241	\$ 93,241	\$ 359,456		
Site Management Staff Compensation (fully-loaded)	\$ 113,061	\$ 390,394	\$ 113,312	\$ 390,394	\$ 113,312	\$ 113,312	\$ 113,312	\$ 113,312	\$ 113,312	\$ 453,250		
Payment Card Processing Fees	\$ 6,701	\$ 35,905	\$ 12,908	\$ 35,905	\$ 12,908	\$ 13,308	\$ 13,716	\$ 13,986	\$ 13,986	\$ 53,918		
Hiring, Training & Employee Events Expenses	\$ 4,468	\$ 21,730	\$ 6,267	\$ 21,730	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 25,068		
Legal Services Expenses	\$ 19,468	\$ 21,730	\$ 6,267	\$ 21,730	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 25,068		
Liability Insurance Expense	\$ 30,000	\$ 30,914	\$ 8,606	\$ 30,914	\$ 8,606	\$ 8,872	\$ 9,144	\$ 9,324	\$ 9,324	\$ 35,946		
IT / Systems Services Expenses	\$ 4,000	\$ 12,264	\$ 3,133	\$ 12,264	\$ 3,133	\$ 3,133	\$ 3,133	\$ 3,133	\$ 3,133	\$ 12,534		
Tax & Audit Services Expenses	\$ 6,667	\$ 20,440	\$ 5,222	\$ 20,440	\$ 5,222	\$ 5,222	\$ 5,222	\$ 5,222	\$ 5,222	\$ 20,890		
Office Supplies, Services & Equipment Expenses	\$ 16,000	\$ 49,056	\$ 12,534	\$ 49,056	\$ 12,534	\$ 12,534	\$ 12,534	\$ 12,534	\$ 12,534	\$ 50,135		
Lobbying & Contributions Expenses (not tax-deductible)	\$ 10,000	\$ 24,528	\$ 6,267	\$ 24,528	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 25,068		
Contingency for Miscellaneous Expenses	\$ 13,000	\$ 24,528	\$ 6,267	\$ 24,528	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 25,068		
Overhead Expenses	\$ 256,306	\$ 870,854	\$ 266,840	\$ 870,854	\$ 266,840	\$ 270,166	\$ 273,573	\$ 275,821	\$ 275,821	\$ 1,086,399		
Operating Expenses (post-280e allocations to COGS)	\$ 704,863	\$ 1,787,820	\$ 554,912	\$ 1,787,820	\$ 554,912	\$ 572,416	\$ 590,485	\$ 593,308	\$ 593,308	\$ 2,311,121		
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	\$ (274,864)	\$ 486,305	\$ 260,039	\$ 486,305	\$ 260,039	\$ 267,548	\$ 275,100	\$ 289,179	\$ 289,179	\$ 1,091,866		
Interest Expense Paid	\$ -	\$ 40,280	\$ 16,861	\$ 40,280	\$ 16,861	\$ 16,332	\$ 15,782	\$ 15,211	\$ 15,211	\$ 64,186		
Earnings Before Income Taxes	\$ (284,906)	\$ 421,924	\$ 237,153	\$ 421,924	\$ 237,153	\$ 245,191	\$ 253,293	\$ 267,943	\$ 267,943	\$ 1,003,579		
Income Tax Owed (Benefit): Federal & State	\$ (79,049)	\$ 282,309	\$ 131,986	\$ 282,309	\$ 131,986	\$ 136,255	\$ 140,580	\$ 146,855	\$ 146,855	\$ 555,676		
Net Income	\$ (205,857)	\$ 139,615	\$ 105,167	\$ 139,615	\$ 105,167	\$ 108,935	\$ 112,713	\$ 121,088	\$ 121,088	\$ 447,903		
<b>Adjustments to Pre-tax Income to Calculate Cash-on-Cash Returns</b>												
Add: Facility Expenses: Depreciation of Tenant-paid TIs	\$ 10,042	\$ 24,101	\$ 6,025	\$ 24,101	\$ 6,025	\$ 6,025	\$ 6,025	\$ 6,025	\$ 6,025	\$ 24,101		
Subtract: Upfront, Tenant-paid TIs (net of financing) & Other Upfront Facility Outlays	\$ 138,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Subtract: Future Tenant-paid Re-model TIs (excl potential financing)	\$ -	\$ 4,537	\$ 13,868	\$ -	\$ 13,868	\$ 14,391	\$ 14,994	\$ 15,498	\$ 15,498	\$ 58,692		
Subtract: Pay-down of Principal Balance, during period	\$ 95,780	\$ 170,042	\$ 46,348	\$ 170,042	\$ 46,348	\$ 32,445	\$ 24,825	\$ 14,843	\$ 14,843	\$ 118,461		
Subtract: Working Capital Needs: Inventory	\$ -	\$ 203,260	\$ 131,986	\$ -	\$ 131,986	\$ 136,255	\$ 140,580	\$ 146,855	\$ 146,855	\$ 555,676		
Subtract: Income Tax Paid: Federal & State	\$ (223,840)	\$ (355,738)	\$ (186,177)	\$ (355,738)	\$ (186,177)	\$ (177,066)	\$ (174,315)	\$ (171,171)	\$ (171,171)	\$ (708,729)		
<b>Total Net Cash Adjustments to Pre-tax Income</b>	\$ (223,840)	\$ (355,738)	\$ (186,177)	\$ (355,738)	\$ (186,177)	\$ (177,066)	\$ (174,315)	\$ (171,171)	\$ (171,171)	\$ (708,729)		
Earnings Before Income Taxes	\$ (284,906)	\$ 421,924	\$ 237,153	\$ 421,924	\$ 237,153	\$ 245,191	\$ 253,293	\$ 267,943	\$ 267,943	\$ 1,003,579		
<b>Total Net Cash Flows</b>	\$ (508,746)	\$ 68,186	\$ 50,976	\$ 68,186	\$ 50,976	\$ 68,125	\$ 78,978	\$ 96,772	\$ 96,772	\$ 294,851		
<b>Total Cash Needs (incl 1.1x buffer, on top of Capital Budget contingencies)</b>												
Upfront, Tenant-paid TIs (net of financing) & Other Upfront Facility Outlays												
Initial Inventory Build (first 11 months of rev ops)												
Pre-Opening Launch Expenses (excl inventory)												
Other Post-Opening Working Capital												



**Three-year pro forma Operating Budget**

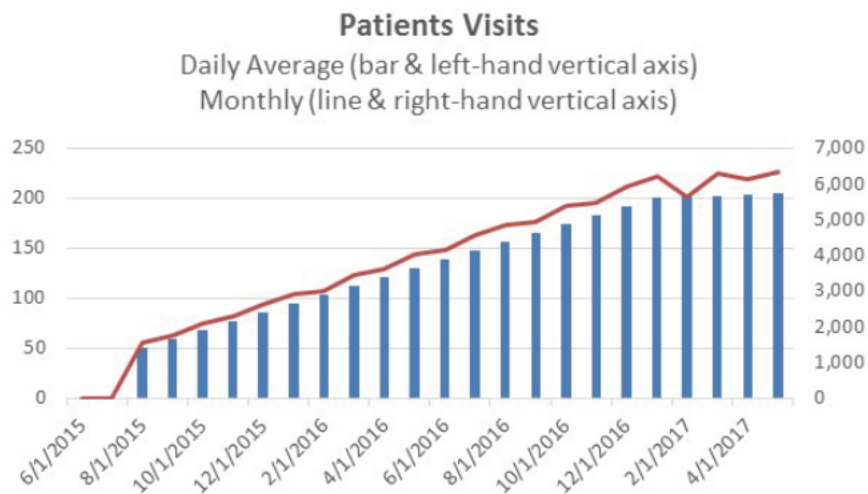
Harborside San Leandro (HSL) developed its three-year *pro forma* operating budget based on its nine years of serving medical cannabis patients in the East Bay, including two dispensary locations and a delivery service. This local, current, long-term, and historical basis for these projections gives HSL an unrivaled understanding of how to build a sustainable, non-profit enterprise to serve patients far into the future. The assumptions underpinning these projections also underscore HSL's commitment to the non-profit, patient-centric mission of the medical cannabis laws and regulations of San Leandro and of the State of California.

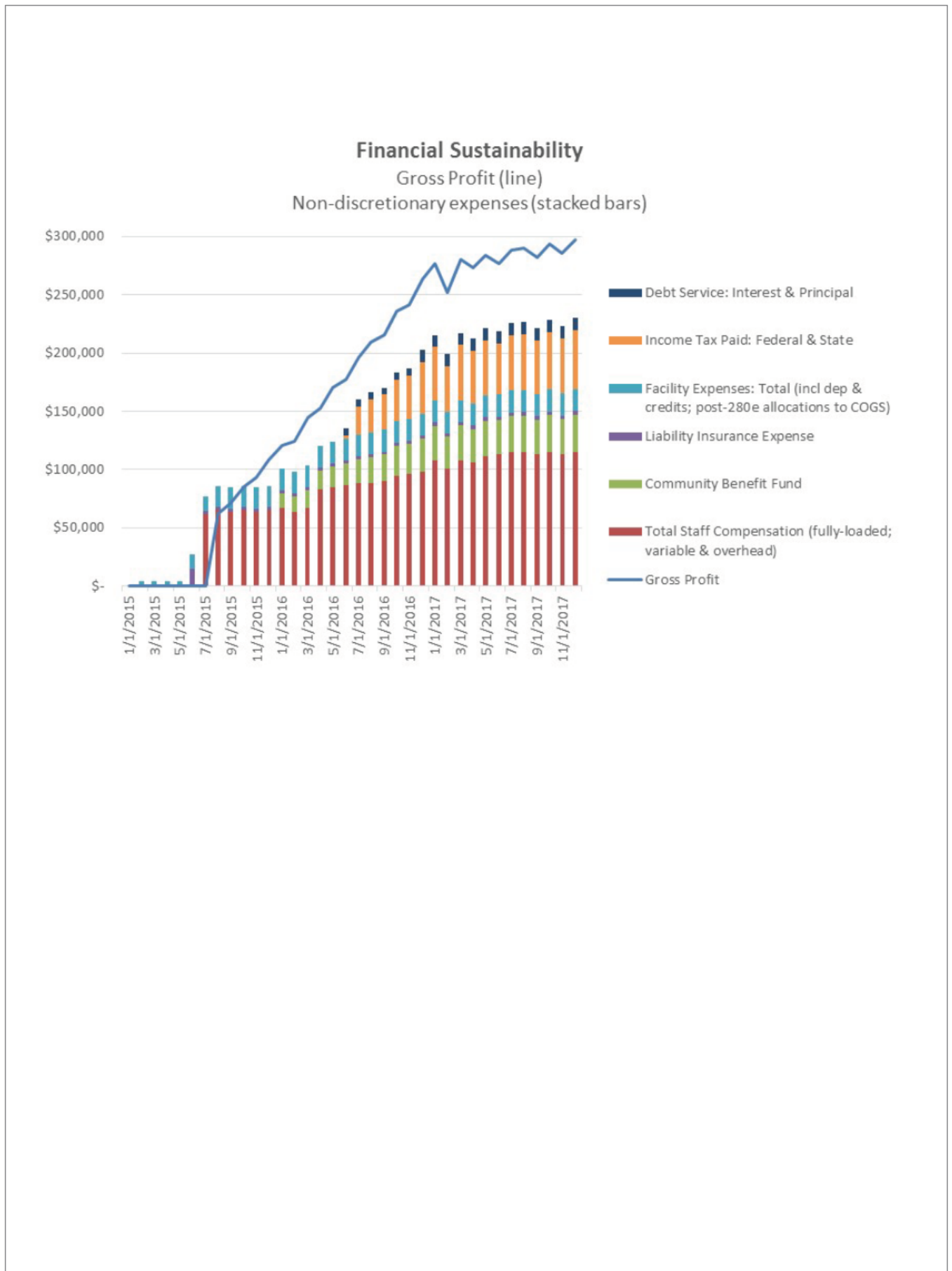
Key assumptions include:

- **Patient Visits:** as illustrated in the "Patient Visits" graph, HSL expects to serve an average of 50 patients per day in the initial month of operations, beginning in August 2015. HSL expects patient visits to grow steadily over an 18-month ramp-up period until reaching a steady state of 200 average visits per day, growing thereafter by 7% per year. This is based on HSL's familiarity with East Bay medical cannabis patients, as well as with evaluating multiple potential dispensary locations to maximize convenience for the greatest number of patients possible.
- **Revenue:** HSL expects each patient visit to generate an average transaction value of \$85 in the initial month of operations, growing steadily over an 18-month ramp-up period until reaching a steady state of \$95, growing thereafter by 1% per year. This is based on HSL's experience providing a similar mix of products to East Bay medical cannabis patients over the past nine years.
- **Product Costs:** based on its nine years of operating the world's single largest, state-legal cannabis purchasing department, with a similar product mix as will be offered to patients in San Leandro, HSL has projected Cost of Goods Sold to average 53% of gross revenue, for an average Gross Margin of 47%. This assumption includes the extra costs of compliant, child-resistant packaging, and with labels that clearly explain the purpose and warning for the medicine.
- **Gross Profit & Financial Sustainability:** as illustrated in the "Financial Sustainability" graph, HSL expects to generate sufficient Gross Profit (= Gross Revenue – Cost of Goods Sold) to cover its Non-discretionary Expenses by its fifth month of revenue operations. Included in Non-discretionary expenses are all Payroll, Facility, Insurance, Income Taxes and Debt Service expenditures, as well as HSL's Community Benefit Fund. HSL will have sufficient capital to cover all upfront expenses, including both capital outlays and covering operating expenses in the ramp-up period.
- **Compensation of Employees:** as it does at its two other East Bay dispensaries, HSL will provide above-market compensation to all employees, including an above-living-wage base wage, in addition to full health benefits (medical, dental and vision) and a 401k with employer matching up to 4%. An attractive compensation package – complemented by upfront and ongoing job training – is essential to achieve the highly-consultative in-store experience that medical cannabis patients deserve. HSL expects to employ 13.5 Full-Time Equivalents (FTEs) by the end of CY 2015, growing to 26.0 FTEs by the end of CY 2017.
- **Equipment Costs:** included in HSL's upfront capital budget are monies for the build-out of the location, including especially security-related items such as cameras, biometric locks and safes,

as well as for all furniture, fixtures and equipment (FF&E), such as display counters, payment card readers and other point-of-sale equipment.

- **Utility Costs:** HSL included utility costs in its fully-loaded Facility-related expenses, and based them on its nine years of operating two dispensaries in the East Bay.
- **Other Operation and Maintenance Costs**
  - **Community Benefit Fund:** *apropos* to its non-profit, patient-centric mission, HSL will donate 5% of Gross Revenue for community groups, care packages and on-site services. These amounts will be net of any local, cannabis-specific taxes.
  - **Facility & Security:** in addition to its monthly rental expenses, HSL has also budgeted for its “triple-net” obligations, including real estate property taxes, property and casualty insurance, and common area maintenance charges. Also included in Facility-related expenses are depreciation, janitorial services, and an additional, third-party security guard to be on-site at the site 24/7, which is in addition to the three in-house security employees required during all operating hours.
  - HSL has also budgeted for permit-related expenses, payment card processing services, employee training and celebratory events, legal, tax, accounting, IT / systems, office supplies, lobbying and political contributions, in addition to a contingency “miscellaneous” budget item.





**One-year *pro forma* Capital Budget**

HSL developed its one-year *pro forma* capital budget based on its nine years of serving medical cannabis patients in the East Bay, including multiple renovations at its two East Bay dispensaries. This local, current, long-term, and historical basis for these projections gives HSL an unrivaled understanding of how to build a safe and welcoming dispensary that serves patients and that ensures the safety of its neighboring community. The assumptions underpinning these projections underscore HSL's commitment to a highly-secure operation, in full compliance with the medical cannabis laws and regulations of San Leandro and of the State of California.

HSL will construct and install the improvements listed in the tables below prior to serving patients.

Key assumptions include:

- **Security:** HSL will invest in an alarm system, including interior and exterior surveillance cameras that have night vision, point-tilt-zoom capabilities and audio recorders, metal detectors, biometric locks and safes, all of which will complement the three full-time security guards (during operating hours) and the third-party guard (24/7).
- **A Welcoming Environment for Patients:** in addition to ensuring a safe environment, HSL will also invest in constructing spaces inside the dispensary that provide ample education and privacy, so that all patients can ask questions and seek information without fear of being judged. HSL will effect this environment by carefully designing an open space, including ample space between cash registers and with openly-displayed information, to protect patient privacy.



**BUFFER ZONE EXHIBIT**  
Scale: 1" = 200'  
Drawn: RDJ Reviewed: RTH  
HMM-H06600.00 0010507716

**AREA USES EXHIBIT**  
Scale: 1" = 200'  
DRAWN: RQJ | REVIEWED: RTH  
118 N. MOUNTAIN DR., CHICAGO, IL 60642

130 DOOLITTLE DRIVE  
SAN LEANDRO, CA



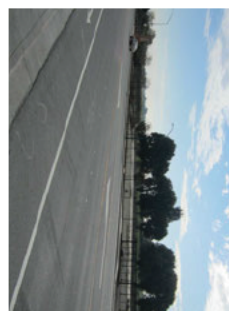
☐ PROJECT SITE FACING EAST



☐ PROJECT SITE FACING NORTH



☐ ADJACENT PROPERTY TO THE SOUTHEAST



☐ DOOLITTLE DRIVE FACING SOUTH



☐ DOOLITTLE DRIVE FACING WEST



☐ DOOLITTLE DRIVE FACING NORTHWEST



☐ ADJACENT PROPERTY TO THE NORTHWEST

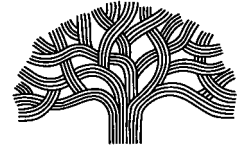


☐ DOOLITTLE DRIVE & SITE FACING NORTHWEST



PHOTO EXHIBIT  
Scale: NTS  
Date: 1/15/2015  
HarborSide Medical Health Center



**CITY of OAKLAND**

1 FRANK H. OGAWA PLAZA • 3<sup>RD</sup> FLOOR • OAKLAND, CALIFORNIA 94612

Office of the Mayor  
Jean Quan  
Mayor

(510) 238-3141  
FAX: (510) 238-4731  
TDD: (510) 238-3254

December 31, 2014

To Whom It May Concern:

During my tenure as Mayor of the City of Oakland from 2010 through 2014, I had the pleasure of working closely with Stephen DeAngelo in his role as Executive Director of Harborside Health Center. Together with his executive team, Mr. DeAngelo has created a world-renowned medical cannabis dispensary which provides safe and reliable access to medicine for patients, while also making significant contributions to the City of Oakland in the form of job creation, tax revenue and community involvement.

Mr. DeAngelo founded Harborside Health Center in 2006, when Oakland became the first city in California to regulate the distribution of medical cannabis. Harborside was one of four original dispensaries permitted to operate in Oakland, and quickly rose to become the market leader as Mr. DeAngelo and his staff pioneered the development of methods and practices that have become the gold standard in the industry, making Harborside Health Center a true model for dispensaries throughout the nation.

From the outset, Harborside Health Center established cooperative and trusting relationships with local law enforcement and municipal leadership, quickly allaying any early fears of criminal activity that might be associated with the cannabis industry. With over 150,000 patients served in almost eight years, Harborside Health Center has not had one incident of violence, armed robbery or burglary, and no diversion of its products to the black market. According to Oakland Police statistics, crime has actually decreased – significantly – in the immediate neighborhood surrounding the dispensary since Harborside opened its doors.

In addition to the tens of thousands of patients who benefit from Harborside's dedication to providing medical cannabis in a secure and welcoming environment, the entire community of Oakland also sees the positive impact of Harborside's operations. In each year since its inception, Harborside has expanded the City's tax base, and is now the second-largest taxpayer in the City of Oakland. The dispensary employs over one hundred local people who enjoy living-wage jobs, with benefits. Beyond that, Harborside enthusiastically participates in a number of community events and initiatives, such as National Night Out and Oakland's Adopt-a-Spot program, demonstrating the dispensary's commitment to enhancing the community it calls home.

Stephen DeAngelo and his team at Harborside Health Center are exceptionally well-qualified to operate a first-class cannabis dispensary, in a way that serves not only the patients, but also the surrounding community at large. The professionalism of the operation, coupled with its dedication to community improvement, makes Harborside Health Center an ideal business enterprise for inclusion in cities and towns nationwide.

Sincerely,

A handwritten signature in black ink, appearing to read "Jean Quan". The signature is fluid and cursive, with the first name "Jean" and last name "Quan" clearly distinguishable.

Mayor Jean Quan



**San Leandro Ordinance Checklist**

Evidence of 1000' setback to public/private school, public library, youth center, parks, recreation facilities, facilities for religious worship, incidental religious education, and other dispensaries; 500' setback to residential zone. City may exempt.	4-33-200(d)(1)	Bus Plan p. 10
Description of type, nature and extent of enterprise, including evidence of being a collective/cooperative	4-33-200(d)(2)	Bus Plan p.
Plan of operations detailing compliance with state law, local law, and AG's guidelines, including:	4-33-200(d)(3)	
Membership verification to prevent diversion	4-33-200(d)(3)(i)	Bus Plan p. 3
Acquire, possess, transport and dispense in closed-circuit	4-33-200(d)(3)(ii)	Bus Plan p. 6
Security plan	4-33-200(d)(3)(iii)	Security Plan
Dispensary must comply with all applicable state/local laws/policies/codes/etc, including CA Health & Safety Code, City Building Code, Fire Code, Plumbing Code, Electrical Code, etc.	4-33-300(a)	Bus Plan p. 10
<b>Operations Standards</b>	4-33-500(a)	
Dispensary shall provide city, police chief, and all neighbors within 50' with a name and contact info of a 24-hour community relations staff person	4-33-500(a)(1)	Security Plan p. 1
Distribute only to patients and caregivers	4-33-500(a)(3)	Bus Plan p. 3
Only patients, caregivers, and their guests allowed inside	4-33-500(a)(4)	Bus Plan p. 3
Dispensary shall not profit, only cover overhead and operating expenses	4-33-500(a)(5)	Bus Plan p. 9
Dispensary may possess up to 8 oz, 6 mature, and 12 immature plants per patient or caregiver	4-33-500(a)(6)	Bus Plan p. 6
Operating hours: 9am-7pm	4-33-500(a)(7)	Bus Plan p. 10
Potency labeling	4-33-500(a)(8)	Product Safety p. 3, 4
Follow directions of City Manager re: medical cannabis found to be non-compliant with testing standards	4-33-500(a)(9)	Product Safety p. 2
Pesticide and contaminant testing	4-33-500(a)(10)	Product Safety p. 2
All cannabis must be properly labeled	4-33-500(a)(11)	Product Safety p. 3
No on-site consumption	4-33-500(a)(12)	Bus Plan p. 10

No alcohol or food sales or congregation areas	4-33-500(a)(13)	Bus Plan p. 10
Post copy of Business License Certificate and Cannabis Dispensary Permit in conspicuous places	4-33-500(a)(14)	Bus Plan p. 10
<b>Edible Cannabis Products</b>	4-33-500(a)(15)	
No edible cannabis products requiring refrigeration or hot-holding	4-33-500(a)(15)(i)	Bus Plan p. 6
Baked medicinal products, tinctures and other non-refrigerated type items are acceptable	4-33-500(a)(15)(ii)	Bus Plan p. 5
All items shall be individually wrapped at the original point of preparation. Label must state: a warning if nuts or other known allergens are used and the total weight of cannabis in the package, the item is a medication and not a food, the product is to be kept away from children, the product contains medical cannabis, and specify the date of manufacture.	4-33-500(a)(15)(iii)	Product Safety p. 4, Bus Plan p. 6
Packaging that makes the product attractive to children or imitates candy is not allowed. Any edible cannabis product that is made to resemble a typical food product must be in a properly labeled opaque package before it leaves the dispensary. Deliveries must be in properly labeled opaque packages when delivered to a patient.	4-33-500(a)(15)(iv)	Product Safety p. 3
Individuals conducting the manufacturing or sale of products shall thoroughly wash their hands before commencing production and before handling the finished product. Gloves must be worn when packaging edible cannabis products.	4-33-500(a)(15)(v)	Bus Plan p. 6
Individuals who are suffering from symptoms associated with acute gastrointestinal illness or are known to be infected with a communicable disease that is transmissible through foodstuffs are prohibited from preparing edible cannabis products until they are free of that illness or disease, or are incapable of transmitting the illness or disease through foodstuffs. Anyone who has sores or cuts on their hands must use gloves when preparing and handling edible cannabis products.	4-33-500(a)(15)(vi)	Bus Plan p. 7

Edible cannabis products for sale or distribution at a dispensary must have been prepared by a member of that dispensary.	4-33-500(a)(15)(vii)	Bus Plan p. 6
A patient or primary caregiver who produces edible cannabis products that are sold at more than one dispensary in the City or Alameda County must become a State certified food handler. If more than one person is involved in producing edible cannabis products at one facility, only one person needs to be certified. The valid certificate number of the member who has prepared the edible cannabis product must be on record at the dispensary where the product is sold or distributed, and a copy of the certificate kept either on-site, or made available during inspections if kept off-site.	4-33-500(a)(15)(viii)	Bus Plan p. 7
<b>Recordkeeping</b>	4-33-500(b)	
Accurate member/inventory count, provided quarterly to City	4-33-500(b)(1-3)	Bus Plan p. 8
Maintain general ledger of cash transactions and member contributions	4-33-500(b)(4)	Bus Plan p. 8
Allow City access to all books/records/accounts/data within 24 hours	4-33-500(b)(5)	Bus Plan p. 8
Maintain log of patient complaints, make available to City upon request	4-33-500(b)(6)	Bus Plan p. 8
<b>Facilities</b>	4-33-500(c)	Bus Plan p. 10
<ul style="list-style-type: none"> <li>Setbacks <ul style="list-style-type: none"> <li>May be exempted if City determines location will not impact the peace, order, and welfare of the public</li> <li>1000' to public/private school, public library, youth center (serving ages 18 and under), parks and recreation facilities, facilities of religious worship and incidental religious education, another dispensary</li> <li>500' from a residential zone</li> </ul> </li> </ul>	4-33-200(c)(1)	Bus Plan p. 10
<ul style="list-style-type: none"> <li>Zones: commercial or industrial (4-33-200 (d) (1))</li> </ul>	4-33-200(c)(1)	Business Plan p. 10
Dispensary shall not permit a breach of peace	4-33-500(c)(2)	Security Plan p. 5
Sufficient sound control	4-33-500(c)(4)	Security Plan p. 5
Sufficient odor control	4-33-500(c)(5)	Security Plan p. 5

Litter removal twice/week within 100' of dispensary	4-33-500(c)(6)	Security Plan p. 5
<b>Security</b>	4-33-500(d)	
High def cameras covering dispensing areas, storage, all windows and doors, and parking areas. Recordings maintained for 60 days.	4-33-500(d)(1)	Security Plan p. 8
Centrally-monitored fire and burglar alarms	4-33-500(d)(2)	Security Plan p. 9
3 licensed security guards during business hours, with no tasers or firearms	4-33-500(d)(3)	Security Plan p. 1
No smoking anything within 25' of an entrance/window/intake vent	4-33-500(d)(4)	Security Plan p. 5
Security guards monitor for loitering and diversion, report to dispensary immediately, and keep a record of incidents. Dispensary shall immediately cease providing to reported member, and make a report within 24 hours to the Chief of Police and the Alameda County Health Department and/or recommending doctor.	4-33-500(d)(5)	Security Plan p. 5
Windows and roof hatches secured to prevent unauthorized entry, with quick release latches on inside	4-33-500(d)(6)	Security Plan p. 5
Adequate exterior lighting in parking areas	4-33-500(d)(7)	Security Plan p. 5
<b>Signage</b>	4-33-500(e)	
Exterior signage limited to one wall sign not to exceed 10 sq. ft. and one identifying sign not to exceed 2 sq. ft. No direct illumination.	4-33-500(e)(1)	Bus Plan p. 11
Various required patient notice signs	4-33-500(e)(2)	Bus Plan p. 11



# 1 Business Plan Summary and Budgets

## San Leandro Retail - Pro Forma Operating Budget (2018)

### Operating Model

Revenue

Cost of Revenue

Gross Profit

Variable Labor Expense

Facility Expenses: Total

Marketing Expense

### Community Benefit Fund

Permit & Pre-Opening Project Management Fees

Site Management Staff Compensation

Payment Card Processing Fees

Hiring, Training & Employee Events Expenses

Legal Services Expenses

Liability Insurance Expense

IT / Systems Services Expenses

Tax & Audit Services Expenses

Office Supplies, Services & Equipment Expenses

Lobbying & Contributions Expenses

Contingency for Miscellaneous Expenses

Overhead Expenses

Operating Expenses (post 280e)

Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)

Interest Expense Paid

Earnings Before Income Taxes

Income Tax Owed (Benefit): Federal & State

Net Income

Revenue = Gross revenue less customer discounts. Reminder - sales tax is never included in the income statement.

Cost of Revenue = Includes the cost of medicine purchased from members + inventory losses

Variable Labor = Contains the line staff positions for all functions including: Safety, Ombuds, Patient Consultants, Inventory, Cash Management, and Facilities management. (Fully loaded labor costs & benefits).

Facilities Expense = All of the costs for maintaining the facility such as rent, repairs, telephone, internet, utilities, cleaning services, cleaning supplies, garbage, supplemental security, and other related expenses.

Marketing Expense = Consists of printing costs for patient materials (welcome packages, menus, education materials) plus the cost of maintaining the website as well as advertising for the dispensary in local media channels.

Permit & Pre-Opening Project Management Fees = The costs associate with the compliance and licensing processes as well as to manage the buildout of the facility.

Site Management Staff Compensation = Consists of the management labor for the facility which includes operating department managers, the general manager, and allocations for shared services functions including (Purchasing, Packaging, HR, Finance, & IT).

Payment Card Processing = Fees for debit and payment card services.

Hiring, Training & Employee Events Expenses = Recruiting costs, background checks, training materials, systems, and events.

Legal Services Expenses = All legal costs associated with protecting the operation.

Lobbying & Contributions = Costs associated with representing the interests of patients

## Harborside San Leandro Account Key

## Management Team

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· <b>Attachment I</b> (Advisory Board)	

The members of the Management Team and the Board of Directors excel in their relevant business and professional experience and training. They are discussed individually below, and their resumes and an organizational chart are attached.

Also attached is a brief discussion of the Advisory Board members who will advise the Management Team and Board on special issues including environmental conservation, security, and community benefits. They do not meet the definition of Management Team but they have committed to being available for advice.

## Management Team Biographies

### ► LANI FELIX-LOZANO, GENERAL MANAGER

Lani has extensive experience in the medical cannabis industry. For the past five years, Lani has worked for Harborside Health Center—the nation’s largest, state-legal and locally compliant, nonprofit medical cannabis dispensary with locations in Oakland and San Jose, California.

As Facilities and Events Manager and member of the executive management team, Lani is responsible for ensuring code compliance with all City, County and State regulations. Lani has worked directly with officials from Alameda County and the City of Oakland to ensure ongoing compliance to dispensary regulations. Lani has ensured compliance with permit requirements such as facility and ground repairs, signage, and non-patient visitor and contractor reporting and monitoring. In her role of Facilities Manager, she has received and delivered extensive safety training. Lani has been HAZMAT-trained and oversees hazardous materials cleanup and staff trainings. Lani has also received First Aid training, and is CPR certified. As Harborside Health Center’s Designated Safety Officer (DSO), Lani has conducted staff training relative to safety and security, as well as disaster preparedness, fire and robbery. She currently holds a bachelor’s degree in Business Accounting from the University of Phoenix.

### ► CHRISTOPHER ESPOSITO, HUMAN RESOURCES MANAGER

Christopher has over 30 years experience as a Human Resource (HR) professional in California. Christopher is presently the Director of HR for Dark Heart Industries in Oakland. Prior to Dark Heart, Christopher spent the past decade working for tech start-ups in the roles of HR and general manager. Christopher is passionate about giving back to the community. His career has toggled between profit and not-for-profit organizations. When he is not working with a non-profit, he is volunteering. Christopher has spent the last 11 years serving on several AIDS-related boards. He spent six years on the board of directors for the San Francisco AIDS Foundation and is presently on the board of directors of Project Inform. Christopher holds a B.S. in Psychology and earned his SPHR in 2010.

Christopher has been a supporter of medical cannabis since moving to San Francisco in 1982. He remembers the days in the beginning of the AIDS epidemic when cannabis was the only medicine that helped patients deal with issues such as wasting, nausea and sleep deprivation. He also remembers how cannabis helped his sister who passed away from breast cancer in the

late-'90s. Again, it was the only medicine that helped her with side effects from chemotherapy. These experiences, combined with a passion for non-profits and strong business acumen, make Christopher a great addition to the HSL management team.

► **MARK MCMILLIAN, FINANCE MANAGER**

Mark McMillan brings 24 years of professional experience to his role as Director, Accounting & Systems for Harborside Health Center. He holds B.S. and M.S. degrees in Finance & Accounting from the University of Virginia, and was formerly a licensed Certified Public Accountant in the State of California. Mark's experience includes 15+ years of enterprise software systems experience that he acquired while working for Oracle Corporation, BrassRing LLC, and the Talent Function Group. He is also a proven entrepreneur. In addition to his startup experience working for BrassRing LLC, Mark founded his own software professional services company and a non-profit dedicated to improving the experience of job seekers. Both organizations that he helped start are thriving today. It is also worth mentioning that during college Mark was employed as an intern with the Federal Bureau of Investigation (FBI). After a highly competitive application process and full FBI background check, he was selected as part of a prestigious internship program managed by the director's office of the FBI.

With Harborside, Mark believes it is a privilege to work for an innovative company that truly cares about its patients, its employees, the environment, and the communities that it touches. He thrives on the challenge of building a mission-driven organization and is happiest when he's required to roll up his sleeves with a team of diverse people. Mark is confident that Harborside is committed to introducing cannabis in a responsible and thoughtful way. His own journey with cannabis was shaped by witnessing his father's demise from dementia. During the last 18 months of his life, Mark's father was prescribed three "anti-anxiety" pharmaceuticals that he was ultimately instructed to take concurrently. The complications associated with this treatment plan eroded his, and his family's, quality of life. Mark strongly feels that cannabis would have been a better solution for his father. The Harborside opportunity to be a change agent for cannabis, for Mark, is a challenge of a lifetime.

## Board of Directors Biographies

► **STEVE DEANGELO, DIRECTOR**

An inspired leader, Steve DeAngelo has almost four decades of activism and advocacy in the cannabis reform movement. His vision and leadership have been featured by major news outlets from around the globe, including the United States, Canada, Japan, Germany, Brazil and the United Kingdom. The media has featured Steve DeAngelo's landmark Harborside Health Center in their coverage of the emerging cannabis industry in California and nationwide for a reason: It is a place where safe access, compassionate and responsible use, and lab-tested, high-quality medicine is offered to patients in great need of relief from a wide range of medical conditions. Patients come first at Harborside.

In 1984 Steve completed his interrupted education, summa cum laude from the University of Maryland in two and a half years.



Steve arrived in California in 2000, and immersed himself in the local medical cannabis milieu. He was one of the original founding members of Americans for Safe Access, the premier advocacy group for medical cannabis patients. He wrote and produced “For Medical Use Only,” a short documentary film; helped organize several legal cannabis gardens, and invented a new form of cannabis concentrate. All the while, he laid plans for a new type of medical cannabis dispensary. Steve got the chance to put his plans in action October of 2006, when he won a highly competitive RFP process, and was issued a medical cannabis dispensary license by the City of Oakland. Steve launched Harborside Health Center (HHC) to bring a new model of professionalism and integrity to the industry. HHC quickly gained recognition for its free holistic care clinic, laboratory-tested medicine, low-income care package program, and wide array of other patient services. This innovative approach generated widespread acceptance and notoriety with acclaim by the community, city council, and local law enforcement in Northern California and beyond. In 2007 Steve was a founder in the creation and development of Steep Hill Labs, California’s premier medical cannabis analysis laboratory for safety screening and quality assurance.

► **KHURSHID KHOJA, DIRECTOR**

Khurshid is the Principal and founder of Greenbridge Corporate Counsel, a business law firm representing clientele across sectors in the legal cannabis industry: non-profit advocacy organizations, medical marijuana collectives, consulting firms, publishing companies, consumer electronics manufacturers, infused products producers, agricultural equipment manufacturers, software companies, trade associations, and others. In addition to pioneering the Cannabis & Hemp Industry practice at Greenbridge, Khurshid currently serves on the founding Board of the California Cannabis Industry Association and the Illinois Cannabis Industry Association. While serving as The ArcView Group’s first General Counsel, Khurshid helped ArcView CEO Troy Dayton launch the ArcView Angel Network—the medical cannabis industry’s first angel investment network—providing advice on securities laws compliance and drafting membership, and other critical path agreements. Khurshid is a co-founder of the Emerald Growers Association, a medical cannabis trade association of small farmers promoting the benefits of sun-grown medical cannabis from California’s Emerald Triangle region by advocating for public policies that foster a sustainable medical cannabis industry. He served pro bono as its General Counsel during its initial year of operations. Khurshid also co-founded EGRET Partners, ranked by the Washington State Liquor Control Board in the top 2.5% of consultants competing to help craft regulations for the state’s legal cannabis market.

Among other honors, Khurshid was named to the Northern California Super Lawyers Rising Stars list in 2010, 2011 and 2013. He was profiled as an Industry Leader in the recently published, *The State of the Legal Marijuana Markets* (2nd Ed.), and his early days as a cannabis industry lawyer are chronicled in Doug Fine’s *Too High To Fail*. His work has been published in the *Medical Marijuana Business Daily*, and he has been a featured presenter at numerous conferences including those of the ArcView Investor Network, the National Cannabis Industry Association, the American Bar Association’s Business Law Section, California NORML, Students for Sensible Drug Policy, National Asian Pacific American Bar Association, Chicago Cannabis Conference, and the Growth Capital Expo. Khurshid holds a JD from the University of California, an M.A. in Committee on International Relations from The University of Chicago, a B.A. in Political Science from DePaul University and is a current member of the California Bar Association.

### 3 Management Team

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► **NAYIR MUNOZ, DIRECTOR**

Nayir Munoz currently holds the position of Director of Patient Services for HHC. She began her work at HHC in 2007 as the Inventory Specialist, transitioned into the Human Resources Manager in 2008, and added the responsibility of General Manager in 2009. As Inventory Specialist, Nayir implemented processes and controls that resulted in the reduction of inventory loss to less than 1.3% of sales. Since establishing the Human Resources department, Munoz has recruited, hired and supported a workforce that has quadrupled in size. In 2011, Nayir earned her PHR (Professional in Human Resources) Certification. In her current role, she oversees Sales, Registration and Reception, Safety, Delivery and Human Resources. Her primary focus is an obsession with the patient experience and continually innovating and improving operations to better meet the needs of the patients.

Nayir's experience in sales, patient satisfaction and human resource management for the largest nonprofit medical cannabis dispensary in the U.S. gives her the unique ability to be a strong strategic partner on the Harborside San Leandro Board of Directors.

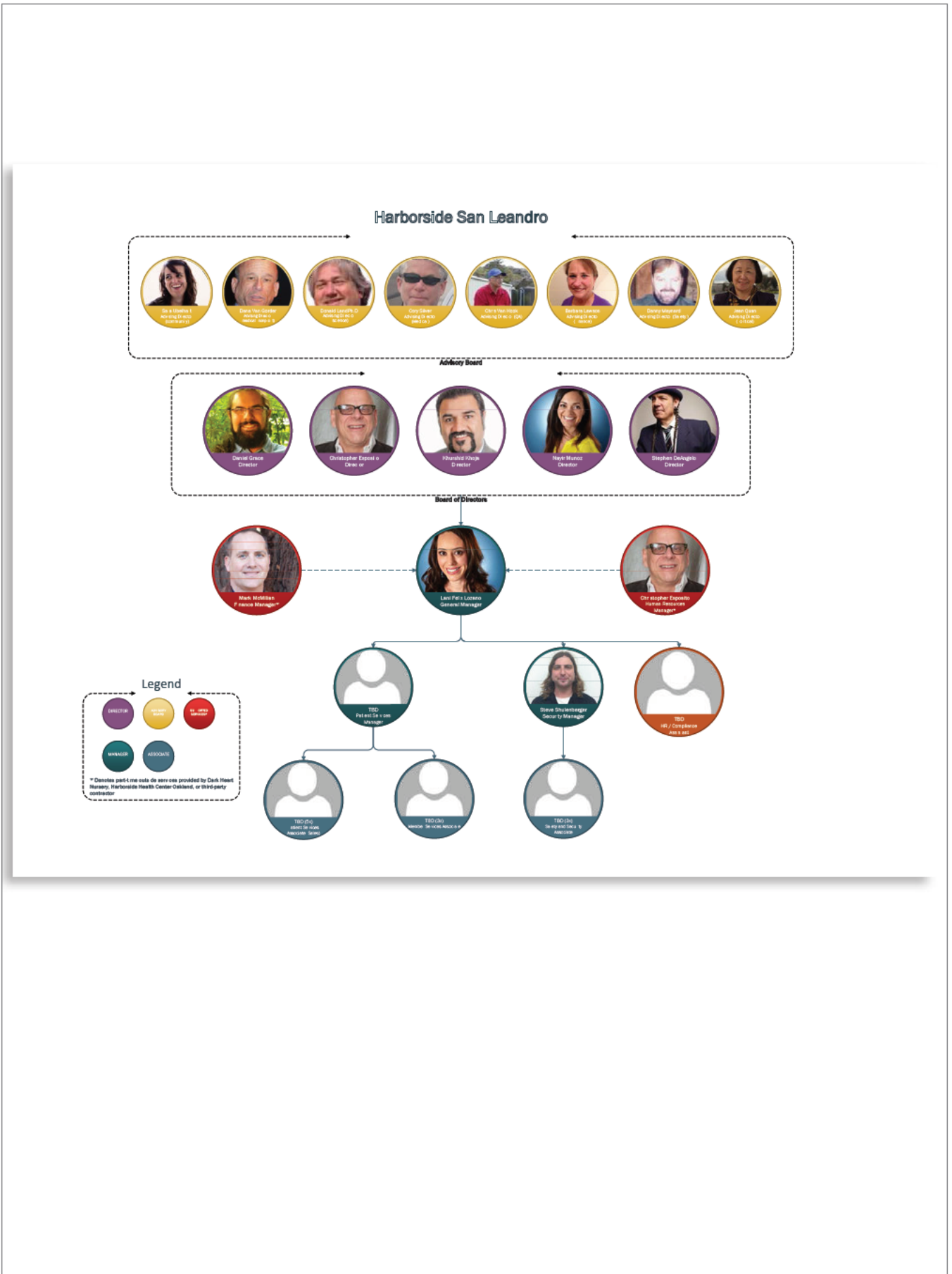
► **DAN GRACE, DIRECTOR**

Daniel Grace is founder and president of Dark Heart Industries (DHI), the leading producer of medical cannabis genetics in the form of cuttings of different strains. His work empowers individual patients to exercise the option to grow their own medicine, and in turn to share it with others. Dan has seven years of experience in the medical cannabis industry. He came to the medical cannabis industry through his background in horticulture. Dan has subsequently become committed to the cause of medical cannabis and is a strong believer in its therapeutic uses. DHI is an industry-leading and innovative team of 25 staff members. Dan has also undertaken countless internal initiatives designed to improve Dark Heart's management structure and processes to produce the best quality cuttings available anywhere.

Dan and his partner, Sara Ubelhart, and daughter, Iris, are proud residents of San Leandro. Dan and Sara demonstrated their commitment to San Leandro by purchasing and resurrecting Zocalo Coffeehouse, a long-time hub of civic activity in San Leandro's North End. Dan brings unbridled passion to his work everyday. He is committed to operating an exceptional medical cannabis dispensary to serve the residents of San Leandro. That commitment to excellence is driven by his passion for San Leandro. As a business and home owner in San Leandro, Dan is proud to be an active member of this growing community and will do the right thing to help our community thrive.

► **CHRISTOPHER ESPOSITO, DIRECTOR**

See above, page 1, Christopher Esposito, Human Resources Manager.



### Advisory Board Members

Harborside San Leandro is proud to have identified and selected a strong group of professionals to join our advisory board. These individuals have backgrounds in medical cannabis, science, health, public policy, and as community leaders in San Leandro. The advisory board will be charged with several functions. They will meet twice a year to help HSL select the nonprofit organization(s) that will benefit from our community benefits program. They will also advise the Board and Management Team on special issues that involve their areas of expertise, including medical cannabis advances, science, health care, HIV issues, and public policy.

Our advisory board members are:

**Jean Quan** – Former mayor of Oakland with expertise in city and state regulatory issues pertaining to medical cannabis.

**Dana Van Gorder** – Executive Director of Project Inform and a leader in HIV public policy and health related issues.

**Barbara Lawson** – Seasoned CFO with experience in profit and nonprofit organizations such as The Kidney Trust, Guide Dogs for the Blind and the UC education system.

**Chris Van Hook** – USDA-accredited organic certifier as well as a California cannabis compliance attorney. Presently he is the program director for Clean Green Certification Program, a Nationally recognized cannabis certification program based on the USDA National Organic Program.

**Danny Maynard** – Safety and Security manager for Harborside Oakland with experience in law enforcement and medical cannabis.

**Cory Silver** – Communications director for Kaiser Permanente in Oakland with expertise in health care, union negotiations and communications.

**Sara Ubelhart** – Long-term San Leandro resident and owner of San Leandro community hub Zolcalo Coffeehouse.

**Donald Land** – Member of the UC Davis Forensic Science Graduate Group and the Designated Emphasis in Biotechnology. Land co-founded Halent Laboratories in 2010 as one of the foremost laboratories for medicinal cannabis testing and research, later merging into Steep Hill Halent in 2013.

# City of San Leandro

## Application to Operate a Medical Cannabis Dispensary

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### Phase III Application Requirements

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Exhibits A-F



# 1 Product Safety and Labeling

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## **Exhibit A:** Ordinance Checklist

## 1 Product Safety and Labeling

### Consumer Safety

Harborside San Leandro (HSL) is committed to promoting the health and safety of our patients, their families, and their communities. To ensure the safety of the medicine we provide to patients, all cannabis material must be rigorously tested for the presence of molds, microbes, and other contaminants. During their prior experience at our sister dispensary Harborside Health Center (HHC) in Oakland, the members of our HSL executive management team recognized the need for standardized laboratory testing. That foresight prompted HHC to support creating the first-ever cannabis-testing laboratory, and to be the first medical cannabis establishment in the country to mandate universal lab testing for all its products. HHC has been an industry leader in medical cannabis product safety, offering our community of patients a best-in-class quality assurance program, capable of verifying the safety of the large volume of cannabis material offered for sale.

### Contamination and Potency Testing<sup>1</sup>

Our medical cannabis quality-assurance program requires tests to be carried out by an independent laboratory. In addition to safety testing for the presence of mold, microbes and other contaminants, these labs measure the “cannabinoid profile” of each sample. A cannabinoid profile report indicates the relative concentration of several medically active compounds present in the cannabis material, including delta-9 (trans) tetrahydrocannabinol (THC), cannabidiol (CBD) and cannabinol (CBN). These profiles give patients and caregivers the tools they need to select medicine containing the proper ratio and potency of active compounds to optimally treat their particular ailment. For example, a great deal of media attention recently focused on exploring medicines with a high concentration of cannabidiol (CBD), a non-psychoactive compound in the cannabis plant which has been found to be particularly effective against a variety of ailments, including Dravet Syndrome<sup>2</sup> (a rare form of childhood epilepsy with hundreds of sufferers nationwide). Similarly, various other conditions have been shown to improve when treated with medicines displaying unique cannabinoid profiles.

As described in the Business Plan, all medical cannabis products delivered to HSL will be acquired through our sister dispensary, Harborside Health Center (HHC) in Oakland, and will be carefully tracked using MJ Freeway software at each stage during inspection, packaging and sale. The purchasing department at HHC will conduct an on-site inspection on all incoming products using 30x-200x microscopes, to ensure no mold, pests, eggs, hairs, etc., are present. After this initial inspection, HHC will have comprehensive lab tests completed on all medicines prior to shipment to HSL. In this way, HSL will benefit from the experience of HHC’s veteran intake and quality assurance staff, and ensure that unsafe medicine never reaches the premises. Any medical cannabis found to be non-compliant with our safety standards will be disposed of or destroyed safely and securely as instructed by the San Leandro City Manager.<sup>3</sup>

As part of our quality assurance program, all products at HSL will be tested for potency and contamination, with results recorded in MJ Freeway prior to sale. Testing metrics include:

	THC%	THCA%	CBD%	CBN%	Terpene Analysis	Foreign Matter Inspection	Micro-biological Screening
Flowers	YES	YES	YES	YES	YES	YES	YES
Non-Solvent Extracts	YES	YES	YES	YES	YES	YES	YES
Solvent Extracts	YES	YES	YES	YES	YES	NO	YES
Edibles	YES	YES	YES	YES	NO	NO	YES
Topicals	YES	YES	YES	NO	NO	NO	NO

<sup>1</sup> San Leandro Municipal Code Section 4-33-500(a)(10)

<sup>2</sup> <http://goo.gl/NPYssx>

<sup>3</sup> San Leandro Municipal Code Section 4-33-500(a)(9)



## 1 Product Safety and Labeling

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As described more fully in the Business Plan, cannabis products will arrive at HSL pre-inspected and pre-tested from HHC. Upon receipt, HSL staff will visually inspect all incoming products for contaminants or evidence of tampering, and confirm maturity, moisture content and physical condition of any plant material. The lab reports will be verified as meeting all requirements. The contents of the delivery will be crosschecked against the inventory tracking transfer records, and the appropriate entries made in MJ Freeway, before they are offered to HSL patients.

### Labeling and Packaging

Proper packaging and labeling promotes patient safety by clearly listing the ingredients and potency of each product, thereby reducing the likelihood of allergic reaction or overmedication. In addition, properly designed packaging helps promote safety by warning against ill effects, and deters use by our patients' children.

HSL's product safety and labeling plan will be implemented in strict compliance with California law and industry best practices in packaging. We will ensure that all medicine offered for sale at HSL is properly packaged to prevent tampering and ensure freshness, and clearly labeled with ingredients of the package, including the cannabinoid profile, quantity and dosage of the medicine contained therein, and in the case of edible or tincture products, a listing of any food ingredients and allergen information. Products will be packaged in potencies and quantities that conform to state and San Leandro requirements and within the legal patient possession limit.

To protect against tampering and contamination, all edible cannabis and cannabis-infused products, whether solid or liquid, will be enclosed in child-resistant packaging that does NOT include an easy-open tab, corner, dimple or flap. Non-toxic packaging materials will be used to exclude contamination by toxins or other adulterants. Bottles or jars containing cannabis-infused liquids will be sealed with a metal-crown bottle cap or other child-resistant cap. Any edible medicinal items that resemble familiar food products will be enclosed in properly labeled opaque packages.<sup>4</sup>

In order to promote the safety of our patients' children and all children in our community, HSL will refuse to sell or distribute products that feature certain types of colorful designs on their packaging that might appeal to children,<sup>5</sup> including any product whose packaging is designed to imitate candy.

If HSL discovers that any packaged product offered for sale does not comply with packaging or labeling regulations or guidelines promulgated by the State of California, the City of San Leandro, or the City Manager's office, HSL's General Manager will pull the entire batch of product and correct all deficiencies before offering the product for sale again. If such deficiencies cannot be remedied, HSL will refer to the City Manager for instructions on best practices for disposing of the offending cannabis products.<sup>6</sup> Disposal of these products will be recorded in MJ Freeway to maintain an inventory audit trail.

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<sup>4</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iv)

<sup>5</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iv)

<sup>6</sup> San Leandro Municipal Code Section 4-33-500(a)(9)

## 1 Product Safety and Labeling

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All products arriving at HSL will be individually packaged, labeled and recorded in MJ Freeway by the purchasing and processing departments at HHC. (They will then be scanned into the MJ Freeway system at HSL.) Thoughtfully developed packaging design and labeling will allow our patients to clearly see the product's laboratory test results, ingredient listing, dosages and other important information. Labels will conform to the following requirements:<sup>7</sup>

### ► LABELING FOR CANNABIS-INFUSED EDIBLE PRODUCTS

- All fonts will be legible, non-italicized, and of reasonable size;
- Product label will contain the following information:
  - The name of the medical cannabis dispensary;
  - The date of manufacture of the product;<sup>8</sup>
  - The quantity of cannabis in the product, measured in grams;<sup>9</sup>
  - Independent laboratory test results detailing cannabinoid profile and relative potency levels of delta-9 (trans) tetrahydrocannabinol (THC), cannabidiol (CBD), and cannabinol (CBN);<sup>10</sup>
  - List of all major ingredients and any applicable major food allergies (including nuts) as defined by 21 U.S.C. § 343(w) et seq.;<sup>11</sup>
  - A warning that states, "This item contains medical cannabis. It is a medication and not a food. Keep away from children."<sup>12</sup>

### ► LABELING FOR ALL OTHER CANNABIS PRODUCTS

- All fonts will be legible, non-italicized, and of reasonable size;
- Product label will contain the following information:
  - The name of the medical cannabis dispensary;
  - The strain of cannabis;
  - The quantity of cannabis dispensed, measured in grams;<sup>13</sup>
  - Independent laboratory test results detailing cannabinoid profile and relative potency levels of delta-9 (trans) tetrahydrocannabinol (THC), cannabidiol (CBD), and cannabinol (CBN);<sup>14</sup>
  - A warning that states, "This item contains medical cannabis for medical use only. Keep away from children."

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<sup>7</sup> San Leandro Municipal Code Section 4-33-500(a)(11)

<sup>8</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iii)

<sup>9</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iii)

<sup>10</sup> San Leandro Municipal Code Section 4-33-500(a)(8)

<sup>11</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iii)

<sup>12</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iii)

<sup>13</sup> San Leandro Municipal Code Section 4-33-500(a)(15)(iii)

<sup>14</sup> San Leandro Municipal Code Section 4-33-500(a)(8)

## 2 Community Benefits

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**Exhibit B:** Proposed Site Compliance Documentation

**Exhibit C:** Mayor Quan Recommendation Letter

## 2 Community Benefits

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### Community Benefits Program

Social responsibility for and good stewardship of our community are at the heart of Harborside San Leandro (HSL)'s business model. Our vision for excellence includes partnering with our neighbors to build stronger, healthier populations. We seek to enhance the lives of our patients and members of our surrounding community by creating living-wage jobs, supporting beautification programs to improve public spaces, and supporting local nonprofit organizations through fundraising and volunteerism.

#### ► COMMUNITY BENEFITS FUND

To further its social mission, HSL will contribute all of its net income, up to 5% of gross sales, toward our Community Benefits Fund.<sup>1</sup> HSL will promote the Community Benefits Fund to local nonprofits (and those offering services locally) and through our website, giving organizations who work in our target areas of education, health, human services, and family resources, the opportunity to apply for funding by filling out a short, simple application explaining their operations. Semi-annually, our Advisory Board will award the majority of funds to local nonprofits (and those offering services locally) selected from among the applicant pool. Funds will be allocated in the following ratios:

- 20% to support HSL Patient Services including Holistic Services, Care Package Program, and Outreach program for special needs patient groups
- 40% to be awarded to educational nonprofits in San Leandro
- 40% to be awarded to health, human services, and family resources nonprofits in San Leandro

By offering these funding opportunities every six months, HSL will be able to support a variety of local nonprofits over time, progressively strengthening the community fabric of San Leandro. According to our revenue projections, total contributions to our Community Benefits Fund will reach \$239,364 in 2016 and \$359,456 in 2017.

#### ► IN-HOUSE COMMUNITY BENEFITS OFFERINGS

The 20% of the Community Benefits Fund devoted to HSL Patient Services will help finance:

- Holistic Health Services including acupressure, acupuncture, massage, yoga, chiropractic, and Ayurvedic healing;
- Care Package Program offering free or low-cost medicine to patients who have demonstrated financial need;
- Outreach Program targeted toward special needs patient groups, including peer counseling sessions, Harm Reduction Drug Abuse Counseling, and peer support groups for new patients, senior citizens, parents of juvenile medical cannabis patients, and patients with various specific medical conditions.

These services will be offered free of charge to any community member registered as a patient of Harborside Health Center.

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<sup>1</sup> Total amount of funds allocated will be net of overhead incurred by administration of the fund, any income tax implications (for amounts not deductible for any reason), and any future cannabis-specific tax imposed by the City of San Leandro.

## 2 Community Benefits

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### Nuisance Mitigation & Prevention

HSL is committed to making a positive impact on the entire community of San Leandro. Central to HSL's strategy for nuisance prevention is thoughtful site selection. Although HSL's lease is not yet finalized, the site currently proposed site is 1,975 feet from the nearest residential zone, which is actually located in Oakland. (*See Exhibit B*). The location is nearly four times the distance from residential areas required by San Leandro's medical cannabis dispensary ordinance, and even further from other sensitive uses such as churches, schools and parks. (*See Exhibit B*). Additionally, we expect that HSL will be located in an "Industrial General" zone; as such, its neighbors are likely to be much less sensitive to issues such as noise or vehicular traffic.

HSL will go beyond the mere mitigation and prevention of nuisance, by allocating resources to improve the neighborhood in which we are located. The exterior of the dispensary building will be regularly maintained and cleaned, and the façade will be tastefully designed to complement the aesthetics of the surrounding architectural design.

#### ► ODOR CONTROL

All spaces within HSL that contain cannabis products will use a highly effective odor-scrubbing carbon filtration system for air circulation and ventilation to minimize odor inside the building. Rooms containing cannabis will be kept under negative pressure, so that odors do not escape when or if doors or windows are opened. Any odors produced by the presence of cannabis will be completely eliminated prior to being exhausted from the building through the use of high-quality air filtration systems.<sup>2</sup>

#### ► NOISE CONTROL

To reduce the possibility of noise pollution, HSL will implement a strict rules of conduct governing the behavior of patients, staff, contractors and visitors at all times while on, approaching or departing the HSL site. These include, but are not limited to:

- Restricted volume of car stereos and amplified portable sound systems (in vehicles or on persons) while on the premises, including while entering and exiting the premises;
- Limited volume of in-house background music, during regular business hours only;
- Warnings for unnecessary honking, tire screeching, yelling, or any noise deemed disruptive, unnecessary or a nuisance.

Any persons violating our rules of conduct, exhibiting any disruptive behavior or creating a disturbance of any kind will be issued a warning by our Security staff, and dependent upon the severity may be reported to law enforcement officials. Multiple warnings may result in suspension or termination of collective membership in HSL.

#### ► FOOT AND VEHICLE TRAFFIC

HSL's proposed location at 130 Doolittle Drive is easily accessible by public transportation, with the #73 bus stop at Hegenberger Road and Doolittle Drive located within one city block (0.3 miles). Convenient vehicle access is provided from I-880 via the Davis Street, 98th Avenue or Hegenberger Road exits, all of which are within 1.5 miles of the site.

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<sup>2</sup> San Leandro Municipal Code Section 4-33-500(c)(5)

## 2 Community Benefits

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HSL has engaged a local transportation and planning consultant to complete a traffic impact study for the proposed location. Initial analysis suggests that HSL's impact will be minimal, as it generates few trips and is in close proximity to several major arteries. A complete traffic study and parking plan will be submitted in conjunction with our conditional use permit application.

Improving traffic flow into and out of the property will mitigate HSL's impact, if any, on vehicle traffic in the surrounding area. Our traffic mitigation plan includes:

- Providing safe, well-lit, ample on-site parking to prevent street parking;
- Security personnel stationed in parking lot from prior to opening until after closing, to prevent loitering and ensure availability of spaces;
- Clearly visible identification of parking entry, exit, and space delineations,
- Pre-order browsing and purchasing service via Internet or phone, and multiple check-in stations inside the facility, to reduce member visit times;
- Call-in hotline and email communication to reduce member consultation times;
- Express line with expedited service and limited selection to reduce transaction times.

### ► RECYCLING & WASTE REDUCTION

- Use supplies made from recycled materials in every department;
- Incorporate building and furnishing materials made of post-consumer content;
- Purchase re-usable supplies; e.g., refillable inks and white boards;
- Repurpose materials, supplies and furnishings;
- Reuse paper (front and back) before recycling;
- Make use of refurbished products and electronics, and recycle ink and toner cartridges;
- Use color-coded trash, recycling and compost bins to sort recyclables and compost.

### ► WATER USAGE

- Landscape with native and drought-tolerant plants;
- Retrofit restroom facilities with low-flow sink fixtures and dual-flush toilets.

### ► NUISANCE AND CRIME PREVENTION

HSL will recreate the experience of Harborside Health Center in Oakland, whose presence and professional security operations helped to reduce crime in the surrounding area, as confirmed by Mayor Jean Quan of Oakland in her recommendation letter. (*See Exhibit C*).

HSL will offer a safe and secure point of access for patients, removing the need for these suffering individuals to go to the illicit market for their medicinal need and therefore reducing illegal sales of cannabis. The dispensary will also have a comprehensive security plan in place, giving all businesses in the immediate vicinity of HSL an additional layer of security. HSL's Security personnel will assist local law enforcement by reporting any suspicious activity in the area, not just at the dispensary, and by sharing surveillance footage or other evidence when available.

In addition, HSL will employ Crime (and nuisance) Prevention Through Environmental Design (CPTED) techniques. These techniques are sometimes referred to as a "broken windows" approach. By addressing minor issues ("broken windows") quickly and thoroughly, HSL will maintain and even raise the standards of the neighborhood.

## 2 Community Benefits

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All areas within 100 feet of the facility will be under full video surveillance around the clock. Security personnel will patrol the entire property both to assist patients in entering and exiting the facility, and to prevent loitering, littering, graffiti, excessive noise and other nuisance activity<sup>3</sup> on or around the property. Security guards will perform litter removal in the surrounding area daily<sup>4</sup>, and will prevent smoking within 25 feet of every entrance, window, and intake vent<sup>5</sup>. No consumption of cannabis will be permitted on interior or exterior premises. Any nuisance behavior by members is a violation of HSL Member Rules & Regulations<sup>6</sup> and subjects offending members to suspension or termination.

HSL Security staff will be trained in detecting diversion of medicine to the illicit market and will patrol the parking lot and neighborhood to ensure that no illicit transactions take place on or off site. Any patient suspected of diverting medicine will be denied service; if we have proof of any patient diverting medicine, that patient will be reported to law enforcement.

HSL's nuisance and crime prevention procedures will ensure we maintain a professional and discreet image for the dispensary, and positively impact our surrounding community through increased neighborhood security and beautification of the surrounding area.

### Annual Reporting

In order to document the beneficial impacts of our Community Benefits Program, and to encourage others in the medical cannabis industry to engage in similar activities, HSL will provide an annual Social Responsibility Report to the City along with HSL's annual audit materials. The report will also be made available to the media and general public. The report will include information on the total amount of monetary donations collected and disbursed through our Community Benefits Fund, the value of in-kind donations of services or medicine, summary of volunteer initiatives by HSL staff, and a sustainability evaluation.

### Community Benefit Awards

In its eight years of service, Harborside Health Center has received numerous awards specifically recognizing its commitment to social responsibility, including:

- Alameda County Board of Supervisors Commendation for Community Service, 2013
- Alameda County Food Bank Red Plate Award, **1st Place**, 2010-2013
- Alameda County Food Bank Gold Plate Award, **2nd Place**, 2009
- One Warm Coat (national coat drive) Certificate of Appreciation, 2011-2013
- San Leandro Relay for Life – Gold Team, **3rd Place**, 2015

HHC has participated in many community events, including these:

- Adopt-a-Spot
- Adopt-a-Family
- National-Night-Out
- Red Cross blood drives

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<sup>3</sup> San Leandro Municipal Code Section 4-33-500(c)(2)

<sup>4</sup> San Leandro Municipal Code Section 4-33-500(c)(6)

<sup>5</sup> San Leandro Municipal Code Section 4-33-500(d)(4)

<sup>6</sup> See Member Rules & Regulations attached to Security Plan



## 3 Environmental Plan

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### **Exhibit D:** Green Business Brochure

### 3 Environmental Plan

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Harborside San Leandro (HSL) is committed to providing medical cannabis to qualified patients in the most environmentally friendly way possible. HSL will follow the leadership of Oakland's Harborside Health Center (HHC) in promoting environmental sustainability. Our facility design and operation will make use of sustainable materials, natural sunlight, eco-friendly cleaning products and recyclable paper products. We will support the Emerald Growers Association, which helps teach cannabis growers to use sustainable methods of cultivation and increase environmental awareness in the industry.

HHC pioneered Clean Green (CG) certification of gardens, and developed it into a state-wide program specific to the cannabis industry, designed to reduce the environmental impact of medical cannabis production through implementation of sustainable cultivation, processing and distribution methods, paralleling USDA guidelines for organic agriculture. HHC also became the first dispensary in the state to receive CG Certification, demonstrating their commitment to upholding the objectives of the program. Like its parent organization, HSL will monetarily incentivize cultivators to obtain CG certification.

Recognizing that indoor cannabis cultivation under high-intensity artificial lights produces as much as 4,600 times its weight in carbon emissions<sup>1</sup> HHC began a campaign to get patients to try cannabis grown outdoors, in natural sunlight and with minimal carbon footprint. They call this medicine SunGrown,<sup>2</sup> and make it available as an environmentally friendly and cheaper alternative. Their multifaceted approach to promotion of SunGrown cannabis has increased its market share dramatically from near zero to 30%, saving tons of carbon release.

Following in the footsteps of HHC, our facility at HSL will tread softly on our planet and encourage our members and neighbors to do the same. HSL will become an Alameda County certified Bay Area Green Business.<sup>3</sup> (See *Exhibit D*). HSL will use low-impact internal operational systems, and influence suppliers and contractors to embrace sustainability.

## Operational Initiatives

### ► ENERGY EFFICIENCY

- Roof-mounted photovoltaic solar panels for supplemental power;
- High-efficiency lighting and HVAC, and Energy Star-rated appliances;
- Power management software to turn off unneeded electronics after-hours;
- Upgraded insulation, doors, double-paned windows and roofing materials, as needed.

### ► CLIMATE AND ENVIRONMENTAL STEWARDSHIP

- Hire locally to reduce impact of commuting on our environmental footprint;
- Properly recycle all hazardous materials; e.g., paint, light bulbs, batteries;
- Work with local waste management to optimize a Green Program;
- Use green, environmentally friendly cleaning products throughout the facility;
- Use green building materials where possible;
- Train staff on best practices to reduce environmental impact.

### ► WATER CONSERVATION

- Landscape with native and drought-tolerant plants;
- Retrofit restroom facilities with low-flow sink fixtures and dual-flush toilets.

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<sup>1</sup> <http://goo.gl/INKNn6>

<sup>2</sup> [http://youtu.be/yE3QEMCu\\_SM](http://youtu.be/yE3QEMCu_SM)

<sup>3</sup> <http://www.acgov.org/sustain/what/greenbusiness/>

### 3 Environmental Plan

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#### ► RECYCLING & WASTE REDUCTION

- Use supplies made from recycled materials in every department;
- Incorporate building and furnishing materials made of post-consumer content;
- Purchase re-usable supplies; e.g., refillable inks and white boards;
- Repurpose materials, supplies and furnishings;
- Reuse paper (front and back) before recycling;
- Make use of refurbished products and electronics, and recycle ink and toner cartridges;
- Use color-coded trash, recycling and compost bins to sort recyclables and compost.

## Supply-Side Purchasing Initiatives

We will positively influence the environmental impact of our entire supply chain by obtaining medicine from members committed to environmental stewardship.

#### ► SELECTING MEDICAL CANNABIS SUPPLIERS

Without impacting the consistency and affordability of the high-quality medicine that HSL will offer, we will preference suppliers who:

- Cultivate cannabis using fully organic methods;
- Manufacture cannabis products using organically cultivated cannabis;
- Minimize water usage utilizing grey water recapture and recycling systems, reduce energy consumption through energy-efficient HVAC and lighting systems, or cultivate SunGrown cannabis without artificial light;
- Maintain Clean Green (CG) certification.

HSL's comprehensive approach to sustainability throughout the supply chain will include:

- Paperless electronic invoicing and communication with contractors and vendors;
- Optimizing timing, composition and volume of deliveries using historical inventory demand trends, to reduce the impact of delivery vehicles on our environment;
- Educating patient base about the advantages of eco-friendly sun-grown medicine.

#### ► SELECTING CONTRACTORS

We will select contractors and vendors who incorporate environmentally friendly methods in their everyday business. Companies who perform work for HSL will be expected to:

- Use environmentally friendly cleaning supplies and proper waste disposal practices;
- Source supplies from vendors who provide service and products sustainably;
- Travel or deliver products using low-impact means of transportation;
- Demonstrate a commitment to sustainability in their respective industries through participation in industry-specific environmental stewardship programs.

## 4 Hiring and Employment Practices

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**Exhibit E:** Sample Training Materials

**Exhibit F:** HSL Education Achievement Program

## 4 Hiring and Employment Practices

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### Introduction

Harborside San Leandro (HSL) believes that our employees are our most valuable resource. We have a moral duty to our community to create stable jobs that offer career paths and opportunities for middle-class lifestyles. We also believe that a workforce should represent the community, and we are committed to diversity and local-hire. Our management team includes cannabis organization veterans who developed the personnel at Harborside Health Center (Harborside Oakland or HHC) over the last eight years. We have over 42 years of combined experience in Human Resources, including two HR managers with professional certifications (one Senior Professional in HR and one Professional in HR). As such, our HR leadership is qualified to recruit, develop and retain a high-performing team to establish and maintain a workplace culture that will ensure the long-term success of our mission.

### Hiring Plan

To launch, HSL anticipates hiring a starting staff of 17 employees, including a three-member executive team (already identified), one HR & Compliance Coordinator, one manager and eight associates on our Patient & Member Services team, and one manager and three associates on our Security team.

We are committed to increasing the number of staff at HSL as the dispensary grows. HHC opened with a staff of 18. To date, HHC has hired and trained over 300 employees—more than any other cannabis organization in the state. San Leandro is a diverse city, and we believe a dispensary should reflect the community it serves. HHC's commitment to diversity is reflected in their current staff of 144 people, 38% of whom are female, and 64% of whom are of African American, Asian American, Native American, Hispanic and/or Pacific Islander heritage. At HSL, we look forward to also employing a diverse workforce of skilled individuals. We are sensitive to the role that language plays in diversity. In order to improve access for non-native English speakers, HSL will seek multilingual staff for all public-facing positions, prioritizing Spanish and Mandarin speakers.

#### ► TRAINING & CONTINUING EDUCATION

All new hires at HSL will complete a proprietary training program developed at HHC over several years. This includes classroom instruction by senior employees, and hands-on experience under supervision, all supported by the following detailed employee handbooks: Leader's Guide, Trainee Workbook, Department Operations Manual (60-100 pages), Product Knowledge Guide, and specific training materials for the Sales, Ombuds, Security, Processing, Purchasing, and Inventory Departments (*See Exhibit E for sample*). Every member of the HSL team will receive the most current information regarding the regulations pertaining to the medical cannabis industry. HSL will also offer a best-in-class continuing education program to ensure the long-term success of our team members.

#### ► INTRODUCTORY TRAINING

Senior employees of HHC will conduct our New Hire Orientation Program (overseen by our certified HR professionals) with hands-on training at the HHC facility prior to the opening of HSL. Topics include: company culture onboarding, OSHA safety, product knowledge, patient care, and role-specific operations. Following the New Hire Orientation, HSL employees will take departmental training programs for each specific role within the organization, consisting of multi-day instruction and hands-on experience.

#### ► CONTINUING EDUCATION

HSL is committed to helping our staff achieve their goals in life and to ensuring their long-term economic stability. We know that the most important predictor of social mobility is college education. Students from



## 4 Hiring and Employment Practices

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low-income backgrounds are almost three times more likely to transcend poverty if they obtain a college degree.<sup>1</sup> Helping our staff to earn degrees is how we can have the biggest impact on their life trajectory.

To that end, HSL is committed to providing educational opportunities for all eligible employees. The HSL Education Achievement Program is modeled on the Starbucks College Achievement Plan,<sup>2</sup> which has recently received praise in the media.<sup>3</sup> Our plan will give full-time employees the opportunity to enroll in two classes per quarter toward an accredited degree from Cal State East Bay, with tuition fully paid by HSL. We will also offer employees coaching throughout their educational experience in matters ranging from enrollment to financial aid to career advice (*See Exhibit F for more details regarding this innovative program*).

To ensure that staff knowledge remains current in the rapidly evolving cannabis industry, all HSL employees will also receive ongoing education, including training sessions with experts, off-site conferences, online workshops, and seminars. HSL will continually update, revise and refine their proprietary training program to reflect changes in laws, products, and industry practices and standards. New topics and reinforcement of existing knowledge give employees the tools to provide a world-class patient experience.

### ► ANNUAL PERFORMANCE REVIEW

Each HSL employee will receive an annual performance review to assess any areas that require improvement and to recognize their successes and accomplishments over the preceding year. Annual wage increases based on a pre-established company pay scale will be granted if the employee has met the expectations as defined in his or her job description. Courses, classes or other skill development methods will be assigned as necessary. Managers will guide staff to continuing education opportunities that meet self-appointed growth goals.

### ► LEADERSHIP DEVELOPMENT PROGRAM

Low to mid-level managers will be encouraged to participate in the Leadership Development Program. The program includes extensive internal leadership training and mentorship, emphasizing a compassionate and transparent approach. Leaders will learn to evaluate and enhance the performance of our associates by identifying their strengths and by providing coaching to improve their weaknesses.

## Collective Bargaining; Living Wage; Equal Benefits and Signed Declaration of Non-Discrimination

HSL, like HHC, a collective association, fully supports the right of workers to associate, organize, and bargain collectively. HSL will not prescribe how employees should do so or with what union. HSL supports them in a free and open process for making those decisions and will support whatever decisions they make, recognizing any union that they may choose.

All full-time, entry-level HSL employees will be paid a living wage of no less than \$15 per hour, along with health benefits and paid time off. Part-time, entry-level employees will also be paid a minimum hourly rate of \$15 and may accrue paid time off. HSL will adjust entry-level wages as necessary to meet the San Leandro living wage rate.<sup>4</sup>

HSL is committed to equal employment opportunity, and will not discriminate against employees or applicants based on any improper classification, such as: status as a veteran or uniformed service-member, race, color, religion, sex, national origin, age, physical or mental disability. HSL will sign a declaration of non-discrimination.

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1 <http://goo.gl/8d0cBi>


2 <http://goo.gl/MQwLEH>

3 <http://goo.gl/sYmZBG>

4 San Leandro Municipal Code Chapter 1-6-625

# Exhibits A–F

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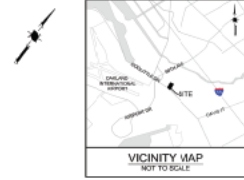
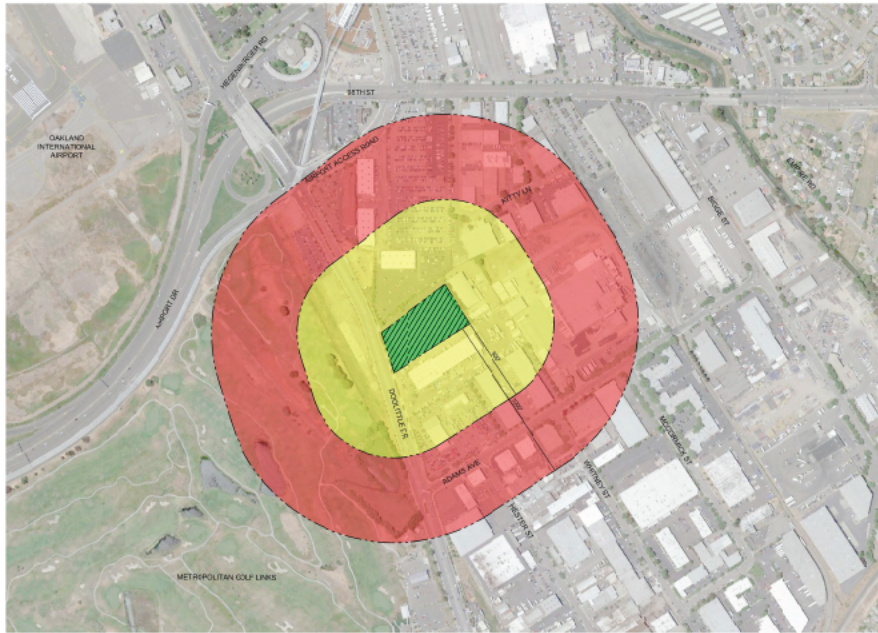
- **Exhibit A:** Ordinance Checklist
- **Exhibit B:** Proposed Site Compliance Documentation
- **Exhibit C:** Mayor Quan Recommendation Letter
- **Exhibit D:** Green Business Brochure  

- **Exhibit F:** HSL Education Achievement Program

**San Leandro Ordinance Checklist**

<b>Operations Standards</b>	4-33-500(a)	
Potency labeling	4-33-500(a)(8)	Product Safety p. 3, 4
Follow directions of City Manager re: medical cannabis found to be non-compliant with testing standards	4-33-500(a)(9)	Product Safety p. 2
Pesticide and contaminant testing	4-33-500(a)(10)	Product Safety p. 2
All cannabis must be properly labeled	4-33-500(a)(11)	Product Safety p. 3

<b>Edible Cannabis Products</b>	4-33-500(a)(15)	
All items shall be individually wrapped at the original point of preparation. Label must state: a warning if nuts or other known allergens are used and the total weight of cannabis in the package, the item is a medication and not a food, the product is to be kept away from children, the product contains medical cannabis, and specify the date of manufacture.	4-33-500(a)(15)(iii)	Product Safety p. 4, Bus Plan p. 6
Packaging that makes the product attractive to children or imitates candy is not allowed. Any edible cannabis product that is made to resemble a typical food product must be in a properly labeled opaque package before it leaves the dispensary. Deliveries must be in properly labeled opaque packages when delivered to a patient.	4-33-500(a)(15)(iv)	Product Safety p. 3

**130 DOOLITTLE DRIVE  
SAN LEANDRO, CA**



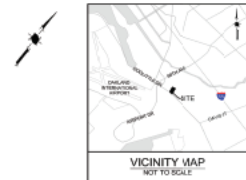
**LEGEND**

- 500 FOOT BUFFER AROUND PARCEL
- 1000 FOOT BUFFER AROUND PARCEL
- PROPOSED SITE  
130 DOOLITTLE DR  
SAN LEANDRO, CA 94577
- APN: 77A-745-46
- ZONING DISTRICT: INDUSTRIAL GENERAL DISTRICT (IG)
- GP: GENERAL INDUSTRIAL



**BUFFER ZONE EXHIBIT**  
Scale: 1" = 200'

**130 DOOLITTLE DRIVE  
SAN LEANDRO, CA**



**LEGEND**

- BUFFER ZONES BOUNDARIES
- PROPOSED SITE  
130 DOOLITTLE  
SAN LEANDRO, CA 94577
- SENSITIVE RECEPTOR
- ZONING DESIGNATION: INDUSTRIAL GENERAL DISTRICT (IG)
- GENERAL PLAN LAND USE DESIGNATION:  
GENERAL INDUSTRIAL
- NEAREST SCHOOL:  
BROOKFIELD ELEMENTARY SCHOOL - 3,525 FEET  
401 JONES AVENUE OAKLAND, CA 94603
- NEAREST PARK AND/OR RECREATION FACILITY:  
COLUMBIAN GARDENS PARK - 2,235 FEET  
9500 EMPIRE ROAD OAKLAND, CA 94603
- NEAREST RELIGIOUS ASSEMBLY:  
PARADISE BAPTIST CHURCH - 2,405 FEET  
9704 EMPIRE ROAD OAKLAND, CA 94603
- NEAREST YOUTH CENTER:  
THE BOYS & GIRLS CLUB - 12,625 FEET  
401 MARIN BOULEVARD SAN LEANDRO, CA 94577
- NEAREST PUBLIC LIBRARY:  
MILFORD-MARINA BRANCH LIBRARY - 10,133 FEET  
13699 AURORA DRIVE SAN LEANDRO, CA 94577
- NEAREST RESIDENTIAL USE:  
OVER 1,975 FEET



**AREA USES EXHIBIT**  
Scale: 1" = 200'

Exhibit B: Proposed Site Compliance Documentation

130 DOOLITTLE DRIVE  
SAN LEANDRO, CA



○ PROJECT SITE FACING EAST



○ PROJECT SITE FACING NORTH



○ ADJACENT PROPERTY TO THE SOUTHEAST



○ DOOLITTLE DRIVE FACING SOUTH



○ DOOLITTLE DRIVE FACING WEST



○ DOOLITTLE DRIVE FACING NORTHWEST



○ ADJACENT PROPERTY TO THE NORTHWEST



○ DOOLITTLE DRIVE & SITE FACING NORTHWEST



PHOTO EXHIBIT  
Scale: NTS  
Date: 07/06/2015  
07/06/2015 11:00 AM



CITY OF OAKLAND



1 FRANK H. OGAWA PLAZA • 3<sup>RD</sup> FLOOR • OAKLAND, CALIFORNIA 94612

Office of the Mayor  
Jean Quan  
Mayor

(510) 238-3141  
FAX: (510) 238-4731  
TDD: (510) 238-3254

December 31, 2014

To Whom It May Concern:

During my tenure as Mayor of the City of Oakland from 2010 through 2014, I had the pleasure of working closely with Stephen DeAngelo in his role as Executive Director of Harborside Health Center. Together with his executive team, Mr. DeAngelo has created a world-renowned medical cannabis dispensary which provides safe and reliable access to medicine for patients, while also making significant contributions to the City of Oakland in the form of job creation, tax revenue and community involvement.

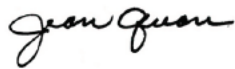
Mr. DeAngelo founded Harborside Health Center in 2006, when Oakland became the first city in California to regulate the distribution of medical cannabis. Harborside was one of four original dispensaries permitted to operate in Oakland, and quickly rose to become the market leader as Mr. DeAngelo and his staff pioneered the development of methods and practices that have become the gold standard in the industry, making Harborside Health Center a true model for dispensaries throughout the nation.

From the outset, Harborside Health Center established cooperative and trusting relationships with local law enforcement and municipal leadership, quickly allaying any early fears of criminal activity that might be associated with the cannabis industry. With over 150,000 patients served in almost eight years, Harborside Health Center has not had one incident of violence, armed robbery or burglary, and no diversion of its products to the black market. According to Oakland Police statistics, crime has actually decreased – significantly – in the immediate neighborhood surrounding the dispensary since Harborside opened its doors.

In addition to the tens of thousands of patients who benefit from Harborside's dedication to providing medical cannabis in a secure and welcoming environment, the entire community of Oakland also sees the positive impact of Harborside's operations. In each year since its inception, Harborside has expanded the City's tax base, and is now the second-largest taxpayer in the City of Oakland. The dispensary employs over one hundred local people who enjoy living-wage jobs, with benefits. Beyond that, Harborside enthusiastically participates in a number of community events and initiatives, such as National Night Out and Oakland's Adopt-a-Spot program, demonstrating the dispensary's commitment to enhancing the community it calls home.

Stephen DeAngelo and his team at Harborside Health Center are exceptionally well-qualified to operate a first-class cannabis dispensary, in a way that serves not only the patients, but also the surrounding community at large. The professionalism of the operation, coupled with its dedication to community improvement, makes Harborside Health Center an ideal business enterprise for inclusion in cities and towns nationwide.

Sincerely,

A handwritten signature in black ink, appearing to read "Jean Quan", written in a cursive style.

Mayor Jean Quan

### The Bay Area Green Business Program

Recognizes small, locally based and locally operated businesses that protect, preserve and sustain our environment.

Businesses that meet our standards are officially recognized as **Bay Area Green Businesses**.

#### Businesses Served

The Bay Area Green Business Program serves mainly small- to medium-sized businesses in the San Francisco Bay Area.

#### The Green Business Program in Alameda County

We have industry-specific standards for restaurants, architects, auto services, dentists, garment cleaners, janitorial services, printers, hotels, landscape professionals, offices, painters, remodelers, retailers, K-8 schools, solar electric, some small manufacturers, wineries, and more. Other business types may be eligible.

Certain restrictions apply based on size, industry sector, materials and processes used.

Go to [www.greenbusinessca.org](http://www.greenbusinessca.org) to see a complete list of Bay Area Programs and coordinators.

### Working Together

#### The Green Business Program in Alameda County

Our partnership of environmental agencies and utilities assists, offers incentives, and verifies that participating businesses conserve energy and water, minimize waste, prevent pollution, and shrink their carbon footprints.

#### LOCAL PROGRAM PARTNERS

Alameda County Environmental Health Services • Alameda Countywide Clean Water Program • Alameda County Community Development Agency • StopWaste.Org • East Bay Economic Development Alliance • Laney College • Alameda Municipal Power • Rising Sun Energy Center • East Bay Municipal Utility District • Castro Valley Sanitary District • Oro Loma Sanitary District • Union Sanitary District • Dublin San Ramon Services District • Alameda County Water District • Zone 7 Water Agency • Livermore Sanitation Services • Pleasanton Garbage Services • Waste Management of Alameda County • UC Berkeley and the cities and towns of Alameda County: Alameda, Albany, Berkeley, Castro Valley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Piedmont, Pleasanton, San Leandro, San Lorenzo, Sunol and Union City.

#### OTHER PARTNERS

Association of Bay Area Governments • Bay Area Air Quality Management District • Food Service Technology Center • Pacific Gas & Electric Company • CalFEPA and US EPA



### What does it mean to be Green?

#### Bay Area Green Business Program

#### Environmental Values at Work



See who's already certified as a Bay Area Green Business at [www.greenbusinessca.org](http://www.greenbusinessca.org)



## Green business certification

### A Bay Area Green Business...

- Holds a marketing edge among conscientious consumers
- Has independent, third party review of its environmental performance



- Is part of the "green" supply chain
- Is recognized as an environmental leader and a good neighbor
- Operates efficiently, strengthening the bottom line



- Improves employee morale, health and productivity
- Gets instant referrals to efficiency rebate programs and resources
- Gains access to the Green Business online marketing tool kit

### How do I get started?

Enroll online and get the application at [www.greenbusinessca.org](http://www.greenbusinessca.org) to learn more about Green Business standards. You may already qualify!

#### Complete a Green Business checklist

to show us how you reduce waste, conserve resources and prevent pollution. For example:

- Using recycled-content paper and copying double-sided
- Cleaning with less toxic products
- Using energy efficient lighting systems
- Conserving water with low-flow toilets and faucet aerators



#### Participate in onsite verification reviews.

We will visit your business to verify that you meet the Green Business Program standards.

#### Comply with applicable environmental regulations.

If applicable to your business, we verify that you comply with environmental regulations, including hazardous materials, wastewater, storm water, and air quality.

#### Pledge to stay Green

Green Businesses make a commitment to continuous improvement and to maintaining the certification standards.



### Green Businesses receive recognition through:

- The Green Business logo in your window and on your website
- The Green Business Program website and public online directory
- Promotional events and media coverage



Businesses receive advice and technical assistance from the Green Business Program coordinators and their public agency/utility partners.

### A Green Business says:

*"Becoming a Green Business has helped us 'green' our own office, while giving us ideas and resources to encourage our clients and contacts to do the same. We have cut our own waste and are engaging others in new, greener ways of doing business."*

—Vicki Salinas, Hacienda Business Park Owners Association, Pleasanton

Get recognized for being green—enroll today at [www.greenbusinessca.org](http://www.greenbusinessca.org)

### A Green Business owner says:

*"Participating in the Alameda County Green Business program is a wonderful way for my business to commit to sustainability practices, as I have in other areas of my life and work. I get to walk my talk. Plus, eco-efficiency with energy and water has cut my utility costs."*

—Sue Kearney, Magnolia West

## Harborside San Leandro Education Achievement Program

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### Statement of Purpose

The Harborside San Leandro (HSL) Education Achievement Program is modeled after the Starbucks College Achievement program. As Starbucks stated, "The disparity between what U.S. college and high school graduates earn has more than doubled in the past thirty years, and a typical bachelor's degree recipient can expect to earn 66 percent more than a high-school graduate over a 40-year career."<sup>1</sup> This disparity is felt even more intensely in the Bay Area where our high cost of living drives economic stratification. According to real estate marketplace Zumper, San Francisco is officially the most expensive place to rent a one-bedroom apartment, exceeding even notoriously pricey New York City.<sup>2</sup>

We believe that providing opportunities for staff to attain a 4-year degree will promote leadership-development, staff retention, and employee satisfaction. Moreover, we believe that it is an employer's moral imperative to create avenues through which their staff can achieve their personal and career goals. We hope that HSL's Education Achievement Program will serve as a model for the emerging cannabis industry. It represents a new kind of social contract for the 21<sup>st</sup> century through which our employees will gain an opportunity to enter the middle class.

### Program Details

HSL will partner with California State University East Bay to offer all eligible full time employees the opportunity to enroll in up to two classes (8 units) per quarter. HSL will pay up front for all tuition costs beyond those covered by any financial aid for which the participant may be eligible.

All full time HSL employees who have been with the company for 6 months or longer, and who are not subject to a performance improvement plan, will be eligible for this benefit. Employees may lose eligibility for this program if they failed a course in the previous quarter, or as a result of disciplinary action.

Once eligible, HSL will assign the employee a coach. The role of the coach will be to assist the employee with the enrollment process. This will include all aspects of enrollment: completing the appropriate paperwork, understanding financial aid, choosing a major, selecting the appropriate course work, and more. For those who have never been exposed to the higher education system, or those who have been away for a while, navigating the administrative process can be cumbersome and confusing. The coaching relationship is a critical step in promoting success for these participants. The coach will be available to the employee as long as the employee is participating in the program.

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<sup>1</sup> <http://goo.gl/sYmZBG>

<sup>2</sup> <https://goo.gl/lHgoQS>

### **Key Features**

- All tuition costs are borne by HSL upfront. The Employee will not be out of pocket for tuition subject to reimbursement. Thereby lessening the financial burden, and encouraging focus on the schoolwork.
- At the end of each quarter program participants who have successfully completed coursework will be celebrated in a special ceremony to encourage plan participation.
- Employees who fail to pass a class will become ineligible to participate until the following quarter. They will not be required to reimburse HSL for any cost.
- This program will become a critical part of HSL's recruitment and retention program. We will actively promote the program to staff and will highlight it as a key recruitment feature.
- We will seek to build upon the CSU East Bay relationship to develop courses and programs specifically tailored for HSL's staff, and for developing leadership in the cannabis industry.