Hidden Farms Cultivation

Table of Contents

Hayward Supplemental CUP Questions

a. The proposed use is desirable for the public convenience or welfare;

As detailed in our business plan we will sell our products to Hayward and other nearby retailers and distributors. This will ensure local residents receive quality product at affordable prices as transportation costs will be significantly decreased.

We will also seek to improve the welfare of Hayward residents by opening a Project Wreckless program in Hayward. Project Wreckless is a capacity development program targeting youth in our community that are more likely to drop out of school, abuse substances, and/or engage in criminal activity. Project Wreckless provides tools for life through an immersive curriculum centered toward the restoration of one-of-kind show cars. We don't just provide tools and support. We expect more of our youth so they gain the confidence to expect more of themselves.

Each of the Project Wreckless programs provides the at-risk youth with tools for life. One program allows 12 at-risk youth and one car the opportunity to rebuild it from start to finish by cycling through seven job functions, each with a unique set of responsibilities. Each of the 12 members have the opportunity to collaborate with each other learn hands-on practical skills of rebuilding a care as well as fiscal responsibility to adhere to the project's budget. Each of the seven job functions challenges are of 12 team members to expand their own capabilities.

By implanting a Project Wreckless program in Hayward, we will increase safety in the neighborhood by providing at-risk youths with hope, opportunity, and life skills.

b. The proposed use will not impair the character and integrity of the zoning district and surrounding area;

The zoning district of our proposed location is the Industrial zoning district under the Industrial Corridor district of the General Plan. Typical building types include warehouses, office buildings, research and development facilities, manufacturing plants, business parks, and corporate campus buildings. The corridor is expected to grow as an economic and employment center. Our proposed use fits squarely into the type of building uses allowed in that Corridor and, as demonstrated by our submitted business plan, we will help the area grow economically and become an employment center. Furthermore, under Hayward municipal code, industrial zoning district uses include the use and storage of hazardous materials much more harmful than cannabis.

c. The proposed use will not be detrimental to the public health, safety, or general welfare; and

As detailed by our Community Benefits Plan, Operations Plan, and Security Plan, our operation will be an improvement to the community rather than a detriment. We will create a program for disadvantage youth, which will improve the safety of the public. As detailed in our operations plan, we will strictly enforce procedures to ensure compliance with all local and state regulations. We will ensure all products pass state required testing prior to reaching any consumer. We also have implemented a quick recall procedure if any products are found to have been contaminated. Lastly, our detailed safety procedures are above and beyond that required by the state. Safety is our number one priority, which includes safety of our facility and products. We take pride in offering the community a beneficial relationship with a cannabis business and will seek to increase the public health, safety, and general welfare with our operation and products.

d. The proposed use is in harmony with applicable City policies and the intent and purpose of the zoning district involved.

As indicated above, our use of the proposed property is in line with the Industrial Zoning District, in which it sits. Additionally, the use will further the express intent of the Industrial Corridor by helping the Corridor grow into an employment center and grow economically. Our proposed commercial cultivation use expressly aligns with the intent and purpose of the property's zoning district.

1. The proposed cannabis use will not be detrimental to the public health, safety, or general welfare in that the cannabis operation is situated in an appropriate location where sensitive land uses will not be adversely impacted;

The closest school, Eden Gardens Elementary School, is 4,202 feet from the proposed location. The closest park, Mt. Eden Park, is approximately 1.26 miles from the proposed location. Eden Landing Ecological Reserve is the closes open space to our location at approximately 4,384 feet away. The closest library to the proposed location is Brand Library, which is the Chabot College library, and that is approximately 4,686 feet away. These distances have been measured from the closest boundary line of our proposed property to the closest boundary line of each aforementioned sensitive use location.

Given our proposed location's significant distance from all sensitive uses, a commercial cannabis use at that location will not be detrimental to the public health, safety, or general welfare.

2. Appropriate measures have been taken to address nuisances related to odor, noise, exhaust, and waste related to the cannabis operation;

Our operation will create little waste. Most of the plant by-products will be utilized and sold to licensed distributors and/or licensed producers. The remaining waste will be used to create our own composting material on site and reintroduce to the production. Also, any remaining waste that cannot be used as composting material will be stored on-site until our third-party hauler can pick up the waste. Other than the limited cannabis waste our operation will produce little other waste. Our HVAC system will be equipped with UV air purifiers and tube charcoal filters to ensure no cannabis odor is emitted through the exhaust.

Additionally, all entry-ways to our grow room will remain closed except when necessary. All grow room must be self-contained and enclosed within the property to ensure no light or inadvertent heat leaves the room. This will also prevent odor from escaping those areas. The cultivation areas will also have continuously running fans, but those too will be enclosed in the cultivation area to prevent noise escaping the property. From the outside of the property a passerby will have no knowledge that the property contains a commercial cannabis operation inside the walls.

3. The cannabis operation is designed to be safe, secure and aesthetically compatible with the surrounding area; and

The proposed location is centered in an industrial zoning district and the surrounding buildings have a uniform industrial/office exterior, including our proposed building. As detailed in the submitted plans, we are not proposing any major changes to the aesthetics of the building's exterior. Our proposed changes to the exterior consist of changing two roll-up gates into stucco walls that will match the existing exterior walls.

In addition to keeping the surrounding area aesthetics, we will also ensure our location is safe and secure. As further detailed in our Security Plan, we have gone over and above the state requirements. Our security systems will provide as a deterrent for the area and will prevent any potential intruder from breaking into our facility. Our plan also includes a quick response by a security personnel if our system is triggered.

4. The cannabis operation will not place a burden on the provision of public services disproportionate to other industrial or commercial uses.

As further detailed in our Security Plan, we have gone above and beyond what is required by the state in terms of security. In addition to ensure no intruders enter into our facility, such security measures act as a deterrent for any potential intruder. By deterring any potential criminal actions, we will not require any additional emergency services than other industrial or commercial uses.

Our proposed operation will be energy sufficient, sustainable, and generate little waste. After the first few months of operations, so we can determine our baseline energy needs, we will install solar panels and a custom grid. This will allow us to maximize our energy efficiency and lower our energy consumption from the public lines. We anticipate to have the solar system installed and running within nine months of operation. In addition to the solar panels, we will create energy sufficient grow rooms with insulation and high rated stud walls and ceiling joists. The energy efficient construction will allow us to keep our energy consumption low while maintaining the necessary growing conditions. The equipment we will utilize to maintain those growing conditions will also be energy efficient and consume little energy. We will install a LG Gen V Multi-V Ductless system. The system will utilize heat recovery that transfers excess heat byproducts from our grow rooms to heat other rooms in the building. This system uses less material, less energy, and makes less noise than other systems. Therefore, our operation plans to take a proactive role in cutting our energy consumption and becoming more energy efficient. With those proactive steps, our operation will not carry a disproportionate strain on the City's energy grid as compared to other or similar industrial uses.

In completing our proposed build-out we will install a drip irrigation system made by Dosatron. The drip system will be run by an automated timing system to eliminate any potential human error. Those systems will allow our operation to have little to no runoff. We will also install a collection system for all water condensation produced by our air conditioning systems and dehumidifiers. That collection system will collect approximately 97% of the water byproduct to be utilized in our grow operation. By limiting our water usage through our drip system and collecting byproducts from our other systems we will limit our water usage to an amount that would not be disproportionate to other industrial uses.

As mentioned above, our operation will create little waste. Most of the plant by-products will be utilized and sold to licensed distributors and/or licensed producers. The remaining waste will be used to create our own composting material on site and reintroduce to the production. Also, any remaining waste that cannot be used as composting material will be stored on-site until our third-party hauler can pick up the waste. Other than the limited cannabis waste our operation will produce little other waste that would not exceed the amount of waste produced by other industrial uses. Our operation will actually produce less waste than similar uses.

Odor Mitigation Strategies

Charcoal Carbon Filters and Exhaust/Intake

In the cultivation, productions rooms and Cannabis storage room fresh air will be brought in through HEPA filters from roof mounted fans. When the fresh air intake fans are not in use, they will have automatic shut off damper that will close at the same time the fan turns off. Each cultivation room will exhaust into the common hallway which will have the building exhaust fan and will have two exhaust outlets each with a three-stage carbon filters. Another important way of controlling odor from leaving the facility is to create a negative pressure environment so a suction is created using the mechanical system and air is sucked into the rooms rather then pushed out which greatly helps reduce odors from escaping. So, when doors are opened into either the cultivation room, the storage rooms or the hallways air will be sucked into them rather than smells being pushed out.

Filtration Units

Each cultivation, production room & Cannabis storage will have two (2) CLEANLEAF CFP duel charcoal filters installed on the ceilings circulating and filtering air. Four (4) CLEANLEAF CFP units will also be installed in the common space hallway as well as two in the shipping/receiving area. As the air passes through each carbon filter the odor will be cleaned and deodorized. Active charcoal carbon filters are the most effective at removing chlorine, sediment, volatile organic compounds (VOCs), taste and odor. Typical particle sizes that can be removed by carbon filters range from 0.5 to 50 micrometers. The HVAC Fan coil units will also have UV Filters installed in the ducting to help kill any organic microbes and eliminate some organic odor causing VOC's. These filters will be strictly changed and maintained based on manufacture recommended intervals.

Room Construction

All interior walls and ceilings will be framed out to create self-contained envelope within the building envelope. These 2x4 walls and 2x6 ceilings will have Medium and High-Density Spray Polyurethane. The Spray Polyurethane is a closed cell foam that will prevent any air or odor to move through walls. All penetrations will be sealed and caulked to prevent any air leaks.

Perimeter Seals & Gaskets

All interior cultivation & production room doors will be exterior rated with air seals on the perimeter and bottom sills similarly like you would find on a front door of a modern home. Each Door will also have a commercial rated self-closing door closer that will prevent people from leaving the doors open for any longer then is needed to enter and leave the room.

Air Circulation

It is essential to have movement of air inside the production areas of the facility not only is it important for the plants to get C02 but it helps to prevent hot spots and lingering orders. Each Cultivation room will have fifteen (15) industrial 20" circulation fans installed on the walls for good circulation of air so the charcoal filters get constant supply of new air so they can remove any VOC from the rooms.

Environmental Controls

To prevent destructive environment conditions that can increase plant odor, an LG AC SMART II environmental control system will be installed to regulate temperature and humidity, as well as control air circulation inside all cultivation rooms. The AC SMART II is LG's most advanced central controller. The

AC Smart II delivers unparalleled options for Multi V system management and administration from a central location & and online.

Odor Controlled Product Storage

Cannabis will be stored in a locked, odor-proof locker that will be constructed to meet Drug Enforcement Administration (DEA) security requirements on the second-floor storage room. The interior will be lined with charcoal filter screen by Resinta. Interior drawers will be built into the vault to store MMJ products and will also be lined with charcoal filter screens. Resinta screens are an Eco-friendly material: made of high-quality activated carbon, with good absorbent and filterable effect.

Odor Proof Containers and Distribution Packs

All cannabis products on site will be stored in air tight Rubber Maid plastic containers and glass containers. All products leaving to distribution operators be handed a full packaged product in an air sealed odor proof packaging. The product will be in Poly Utility Bags, .68 Mil Gauge that are approved by the FDA for sanitary food storage.

CO2 Monitoring

The building will have integrated CO2, Carbon Monoxide Monitor life safety systems with audible and visual alarms by Ax60+ Carbon Dioxide Monitoring Systems. The systems are engineered for a simple 16 channel gas monitoring system with warning devices and sensors controlled from one main control panel through to a fully zoned up to 48 sensors with connection to the BMS and an interactive mimic diagram with LED indication in each room and outside of each room, green LED's and flashing red flashing LED's. On the occasion when the gas levels reach the main red warning pre-set alarm level, the Red LED's will illuminate and the system will activate the room warning devices. The warning devices have an integral sounder and this can be muted from the main panel, an external reset button allows the user to reset the system. The system connects directly to the ventilation control system.

Security Plan

General security policies and protocols to be implemented, including: 720P HD Security surveillance IP cameras with 30 frames per second and infrared night vision outside monitoring 24-hour of all work rooms, loading, receiving and outdoor spaces (all spaces other than private offices, break rooms and bathrooms), on site security during business hours Monday-Saturday 9am to 6pm, third-party security/patrolling company after hours from 6pm to 9am Monday-Saturday and all day Sunday- this company will also be reviewing our security camera footage, product security and delivery security. This includes electronic ingress and egress access: perimeter security; internal security measures to restrict and/or control area specific.

Secure Storage

Finished product will be stored in room 13 on the second floor that will have a high security door (see page A-1.1 of the plan set). All product will be labeled and tracked through a barcode tracking that uses METRC software from planting to harvesting until the product leaves our warehouse. California has selected Metrc as the state's track-and-trace system used to track commercial cannabis activity and movement across the distribution chain ("seed-to-sale"). Each plant will be labeled with a barcode to track the amount of flower cultivated off each plant. Once the flower is trimmed, it will be packaged and a new label created showing the weight, type and other relevant information. Any flower ready for consumption will immediately be placed in packaging and tracked by the system. Any product that is packaged but still in the warehouse will be placed in a storage room on the second floor which will be under 24-hour camera view until a distributer picks it up. The distributor will sign off on the quantity and type of product they receive which will then be logged in our system.

As the product gets transferred from room to room through the growing and cultivation process, it's barcode will be scanned always showing the current location.

Each room will be under 24-hour camera view and each room will be under electronic key only giving access to those employees who have the clearance to be working in the appropriate location at that particular time.

Delivery Security/ Ingress and Egress

At all operating hours at least two employees will be in the building. All staff will have their own electronic RFID keys that they will have to be used to get in/ out of the building as well as through the various controlled access rooms. The S2 Security system will allow us the ability to control which employees are given access to which parts of the building and also to log who enters and leave controlled rooms.

All staff are required to enter/exit the property through the front door which will be enforced through the electronic key system. All deliveries and pickups (of cannabis or other) will be done by appointment only and through the back-loading dock. The vehicle will call through the video intercom to get access through the gate into the backyard. The delivery personnel will then ring the doorbell to the loading dock where they can be seen on video before the loading dock door will be opened by the staff inside. The loading dock will never be opened at the same time as the gate leading to the backyard.

Each ingress/egress point on the property will be under 24-hour security camera watch. When someone, such as a delivery person, needs access into the building, they will ring a doorbell which will bring up that particular camera on the security monitors. Before the door can be opened, the person will be verified by the staff as someone expected.

Perimeter Security & Structural Modifications

- The back fence will be reinforced with double chain link to increase the difficulty of cutting into the fence line. Opaque mesh will be installed over the fence to limit visibility.
- All but one loading dock on the back and front of the warehouse will be closed up.
- The one existing front-loading dock is raised from street level to prevent vehicles from ramming the gates.
- Metal pedestrian doors will be placed for staff access into the production & storage areas of the warehouse. Each door will automatically close through the electronic magnetic lock system.
- The storefront on the right side of the building will have decorative metal grills installed on the inside to prevent break ins. The glass entry will be protected by Steel Security Roll Up Door shown on Plans A-1.1.
- The overall look of the warehouse will be the same to the neighboring buildings.
- Our protocol is to call the Hayward Police Department immediately after an attempted break in or break in. The police will also be called if there is someone caught in the act of vandalism. It will be our company policy to not attempt to confront or stop active break ins or vandalism in order to keep our staff safe. We will desire full prosecution as we want to deter future criminal acts against our property or our neighbors.

Electronic Security

- Dynamic Security Technologies has been contracted to install a S2 Net VR Camera System with Security Access control integration.
- All cameras will be in HD. We are using S2 Net VR Camera System 720p. The system will have 720 Pixel Resolution. The video and security system will be integrated so that it even creates a log of when people use their key cards to enter a room. Hayward Police Department will be provided viewer access to the video system.
- All electronic systems (video and access control) will be on an independent uninterrupted power source to prevent system resets and errors in case of power outage before the secondary generators turn on back up battery will be located in the shipping receiving era next to the new switch gear.
- Cameras will be placed on every entry point into the building along with all access points through the building. Cameras will also be placed in each room from multiple angles to ensure every person inside the warehouse can be seen at all times. Anyone traveling from one area of the warehouse to another can also be tracked. All cameras will be equipped with infrared capabilities for night and off-hour viewing as well as 720P resolution and 90-day storage.
- Exterior cameras will be mounted on the building giving a view around the entire perimeter including the backyard, side yard, front yard, and onto the street to see direction of travel of vehicles. All exterior cameras will utilize multi-lens systems providing a 180 degree or wider view eliminating the need for pan–tilt–zoom cameras.
- All cameras can be pulled up live and for review by remote access on any device (computer, cell phone, pad) by Management or Hayward Police Department. 24-hour monitoring will also be done by a third-party security company Dynamic Security Technologies out of Hayward
- All landscaping on property will be cut back to ensure camera views are not obstructed.
- Each entry location will be set to a master alarm system that will be monitored by the same third-party security company that does the camera monitoring. Motion alarms will be set up through all rooms and hallways. The system will be activated by zone as needed depending on the operations

for the day. All alarms will send notifications to the cell phones of specific Managers and Owners for immediate resolution.

- Electronic key access will be set on each interior and exterior door allowing each employee to enter with their own individually coded fob. This will help limit access to certain parts of the warehouse based on need and will help track employee motion.
- The S2 Security access control system will be integrated with the S2 Net VR Camera video management system to automatically "call up" cameras when a programmed event occurs such as the opening of a door either by proper access or forced including access log.
- All electronic security systems' hardware will be housed internally inside a locked closet in the Down Stairs Private Office. The systems will all be remotely accessible via the Internet by Management/ Ownership & Hayward Police Department. All alarms will go out to the On-Call Manager's cell phone from which cameras can be pulled up. The cameras will also be remotely monitored by a third-party security company 24-hours.
- Dedicated temperature control sensors will be installed in the IT room/closet which will alarm if the system starts to overheat.
- In case of power outage exterior access-controlled doors will be programmed to fail secure; this means they'll be locked from the outside, but available for egress in case of emergency.

All prepared product will be stored in room 13 on the second floor that will have a high security door (see page A-1.1 in the plan set) to which only Management and Ownership have access. Any large movement of cultivated product within the warehouse or for transport out of the warehouse will require a Manager's presence. All products will be weighed and logged by the Manager for tracking purposes.

Access

- No customers or guests are permitted on property. Only designated staff scheduled for work will be onsite. All meetings with non-staff members will be held off site.
- No one is permitted to loiter or hang out on the exterior of the property. Anyone leaving the warehouse must go straight to their vehicle and exit the lot. Anyone coming to the warehouse must park their vehicle and walk straight into the warehouse without deviating.
- Management or Security will escort all unknown individuals off the property.
- All unknown vehicles will be towed from the property if not claimed by any party.
- All staff must park in a designated lot with camera coverage, in both the front and rear of the building.
- Management and Ownership will have their own electronic fobs for access. All other staff will have to enter through the front entrance. Each designated entrance location will have a call button that connects to the security system. All individuals ring for access will be verified via cameras and will be permitted to enter accompanied by an escort.
- All staff will be escorted out of the building to ensure their safety on the exterior.
- The locking system for the front and rear doors will utilize top and bottom latches that comply with fire exiting. They will also be electronically controlled and have a fail secure feature. The front will also get a roll up security grate that would be locked after business hours.
- The only usable delivery rollup door will be located in the rear parking lot of the building. There will be an upgraded security gate that will need to be unlocked in order to drive to the rear of the building. The delivery vehicles will then pull into the shipping and receiving area at which point the rollup door will be closed so product can be loaded securely into the vehicles.

Employee Training

- All protocols and directives are created by Management/Ownership and disseminated to the staff through direct face-to-face instructional interaction. Supervisors are required to sign-off all staff for any task before they are permitted to complete said task on their own.
- We estimate approximately 12-14 people will be hired.
- For any emergencies or anything out of the ordinary, staff is required to immediately contact their supervisor for direction.
- A Reference, Operations, and Safety Manual will be created and left onsite for reference. Each staff member will read through, get hands on training on each relevant topic, and will be signed off for receipt and completion of each manual.
- A supervisor emergency response team will be created to guide staff to appropriate exits, search all spaces to be sure no one is left behind, and conduct a roll call at the designated evacuation rally point to account for all staff in the event of an emergency. Designated team members will also provide access to and direct emergency responders as needed.
- All new employees are required to attend and participate in general orientation training, then through a specialized job/task training led by a Manager.
- Each employee will go through an emergency evacuation procedure as outlined in the Injury and Illness Prevention Program.
- All employees will be trained on fire safety and the use of fire extinguishers.
- Supervisory staff will be first aid certified and required to keep first aid equipment stocked on premises.
- Regular refresher training will be conducted and logged.
- All employees will be required to participate in training related to armed robberies/active shooter.
- All new employees are required to attend and participate in general orientation training, then through a specialized job/task training led by a Manager.
- Each employee will go through an emergency evacuation procedure as outlined in the Injury and Illness Prevention Program.
- All employees will be trained on fire safety and the use of fire extinguishers.

NOTE: All applicants that pass the interview process will then also have to pass background and drug tests. We will consider hiring employees with felonies on their record depending on the type of offence and the amount of time that has passed from the date of conviction. We believe in second chances but, at the same time, we will not be open to hiring anyone with a conviction of a misdemeanor for violence, rape, gun related offence, or reported history of mental illness

Cash Handling Procedure

Any transaction where cash is exchanged will require the attention of the manager on duty. The manger will count the cash first and then feed the money into a cash counter and compare numbers. When the numbers match with the customer invoice the manager will fill out a cash count sheet which documents:

1. Who paid with cash and the amount.
2. The date and time of the cash transaction.
3. The cash breakdown of bills and coins, if any.

The manager will only accept cash payments of the exact amount. Since we do not keep cash onsite, we will not/cannot make change. The manager will then sign the cash count sheet and provide a receipt/copy to the customer. Once the customer leaves the manager will immediately go to the bank and deposit the cash in a safety deposit box. The manager will get a deposit receipt and bring it back to the warehouse. The deposit receipt is then scanned and uploaded to our accounting software (most likely QuickBooks) and saved.

In addition, employees will never be paid in cash. Employees will receive weekly or bi-weekly checks and have the option to sign up for direct deposit. All employees will receive a W-2 and must sign a I-9 before beginning work once hired.

NOTE: There will be no cash stored on-site.

Onsite Security

A licensed security company will be contracted to provide onsite security officers during business hours for employee safety. Though the purpose of their presence would be as a visual determent, post orders will be provided that outline security staff latitude to defend themselves or others when faced with the risk of serious injury or death. Officers will patrol the interior and exterior of the premises reporting any suspicious activity.

Off hour drive-by security patrols will be conducted by a licensed security company with specific instructions to call the police department if any criminal/trespass activity is witnessed. Dynamic Security Technologies out of Hayward will be contracted as an alarm response service should the police department require confirmation of a break-in before their response.

They will be stationed in our front parking lot and will patrol up and down Diablo Ave. and around the parameter of our property. We want their presence to be known. We have spoken to many of our neighbors and they say that crime/break-ins in this area is very common. We're hoping that by adding our after-hours patrol we can help deter the neighborhood break-ins. We have also offered to provide the number to our security company to our neighbors so they can benefit from their services as well in case they see anything suspicious. We do not think it's a good idea for our security patrols be armed, instead they are encouraged to contact the Hayward Police Department.

Flower Rooms

There will be staggered lighting schedules between all 7 flower rooms with some overlap between rooms so employees can tend to the plants during business hours. We have included a more in-depth cultivation and grow process in the business plan.

We have a total of 7 Flower Rooms totaling 5,017.1 SF and will be using each room according to the stage in the life cycle for the plants.

The drying/packing room is located on the second floor above the main entrance labeled room 12.

NOTE: If the application process opens up to the public again, we would like to file for a whole new application for distribution permit. We will not participate in any activity outside of what our existing permit will allow. If the city allows for our current CUP to be amended in order to get approved for distribution then we will make the necessary changes otherwise we will submit a new CUP for the distribution license.

Sustainability Plan

Solar Power

Going solar will reduce our dependence on the power grid which is a major contributor to global warming. With this process, we not only reduce our carbon footprint we will also be able reduce our electricity consumption and lower margins when it comes to operating cost. We've researched many companies in the bay area and have found AVATAR Energy Solutions to have the highest standards as well as great pricing. We will be contracting with AVATAR to install solar panels on our roof within the first few months of operation. We will be running the first few months of the operation solely on PG&E energy to determine our baseline energy consumption. This will allow us to build a custom grid for our solar system to maximize our power needs. Based off of our current numbers we have already estimated the following equipment to be installed. Modules: (199) 57,71kW Jinko 290 Watt Modules + Inverter: (2) SMA 24000 TL (1) SMA 10000 TL

Electricity

Annually cannabis cultivation consumes one percent of the United States' total electrical output, which roughly equates to $6 billion or 1.7 million homes. Most of this energy is used to supply high-intensity lamps used for indoor growing operations. These types of lamps consume copious amounts of power and generate a lot of heat. To minimize some of these numbers it is our business strategy to operate 80% of the cultivation room during off-peak energy hours. All non-production equipment and light fixtures will be low energy LED fixtures. We will also use LED fixtures in the Veg Room, Mother Room and Baby Rooms. LED fixtures allow us to condense the footprint as well as use a lower power output vs conventional HPS fixtures.

Insulation

Another important factor is insulation. The more insulated the facility is the greater we can control our environment with less power and input. Spray foam insulation is one of the best options for increasing energy efficiency. It's air-tight and closed-cell and remains the only FEMA approved flood resistant insulation. We also intend on using 4" stud walls for the interior with this spray which will equate to an R28 rating instead of R14 and 6" ceiling joists which would equate to an R42 rating instead of the regular R28. With zero air exchange, this structural barrier will help control the environment while using less power.

Low Energy Equipment

The equipment that we will be using is an LG Gen V Multi-V ductless system that has one of the lowest energy systems on the market today. This technology was introduced as a system to minimize efficiency losses found in conventional HVAC systems and provide sustainable energy benefits. An air source LG system is engineered to minimize or use no ductwork and offers a savings on cost of large distribution fans, multiple pumps operation and water piping. The LG Equipment uses less material, less energy and makes less noise than other systems on the market.

Our company has already trained our employees and certified them by LG to install and maintain these units. This HVAC system will also have heat recovery. So, excess heat by-products from cooling rooms during day light cycle will be used to heat other rooms during winter months as well as office space. We will also be combining UV air purifiers and a tube charcoal filter system integrated into the HVAC system. UV air purifier filters will breakdown Volatile Organic Compounds (VOC's), as well as any

airborne mold or fungal spores and bacteria. By combining these systems, we not only condense space but also piggyback on the power supply which will use less power than running these units individually.

Water use

All the watering will be done by using drip irrigation using a system made by Dosatron and distributed through Octa Bubblers all on electronic scheduled timers. Leaving us with about 15% runoff. We are expecting to use about 811 gallons of water per day for cultivation activities and we estimate about 15% of that would be wastewater. That is a total 121 Gallon of water that is going to enter the sewer on a daily basis. At any one time there is only about 7.5 MIL per gallon of nutrients mixed with water. So, if we are discharging 121 gallons of water per day that means we are discharging only 30 FL OZ of nutrients into the sewer per day on average. With the timed Octa Bubblers system implemented this means we will leave less room for human error which means less wasted water. All the air conditioning systems as well as the dehumidifiers produce lots of water condensation that is typically ran into the sewer system in all typical applications. The water that is produced is actually very pure so in our system we will be capturing the run off into water storage tanks that will use for the drip irrigation system. This system reclaims roughly 97% of the water that is byproduct from the HVAC/Dehumidification system and allows us to recycle water that is typically wasted. This increases water-use efficiency, with water recovery rates of up to 97%, compared to the typical 0%. A New Site Plan was added to the plan set on P1.0 with Existing and New Water Serves Lines, Meters, Sewer Lateral.

Waste

As a cannabis cultivator, we are creating our own composting material on site and reintroducing the plant waste to the production. All mulched waste will be processed on site and reused for growing medium. All waste not reused on site will be hauled out by Gaiaca company who is the leading company in California for cannabis waste management. Gaiaca is California's first properly licensed cannabis waste management company. They help manage all forms of cannabis byproduct created by cultivators, manufacturers, retailers, testing labs, and distributors. They also handle all cannabis waste per State Regulations, ensuring that we can focus on our internal operations. Any and all extra trimmings or leaves will be sold to extraction companies through licensed distributors. This process will promote the full use of our plants with little to no waste.

Cannabis Waste Management

Hidden Farms Inc anticipates generating non-hazardous streams of waste consisting of cannabis plant material/biomass from pruning, trimming, and harvest (flower, leaf, stalk, root ball, failed plant, etc.). Quantities of waste generation are undetermined at this time.

We will implement a waste management plan for disposing our cannabis waste and by-products to a fully permitted solid waste landfill or transformation facility. Currently, we are meeting with Gaiaca, California's first properly licensed cannabis waste management company that is established in Hayward. Hidden Farms manages all forms of cannabis by-products created by cultivators and manufacturers. They are fully licensed and ensure that MMJ/Cannabis companies are fully "State and City Compliant" managing their cannabis waste. They will assist us to prevent any cannabis waste that will mix with non-cannabis waster. They will pick up and dispose of cannabis waste such that it will be rendered unusable and/or unrecognizable.

Gaiaca will provide us with cannabis waste receptacles to be picked up for processing. Prior to their pickup of the cannabis, Hidden Farms documents in their trace and track system accounting for plants

and plant material which usually includes extra vegetative plants, failed clones and harvest waste that is being discarded. The plant and plant material will be identified, weighed, time stamped and a photo taken prior to placing inside the receptacles. All this information is documented in the trace and track system to avert employee theft and prevent the cannabis waste to be placed into the public waste system.

Hidden Farms Inc will also generate normal office waste as well as waste from printing and packaging but since we are not doing any manufacturing or extracting we will not generate any hazardous waste.

See Gaiaca Management Plan for Non-Hazardous Cannabis Waste and signed contract added to the end of this business plan.

Non-Cannabis Waste Management

Hidden Farms will also produce non-cannabis waste from packaging, labelling, printing and day to day office activities including, but not limited to, food waste from the employee break room, empty containers from products used on plants- organic and household products, etc... We will contract with Alameda County Waste Management to properly recycle and/or dispose of these waste products.

Based on our service request, Waste Management recommends a 2 cubic yard recycling dumpster, a 2 cubic yard waste container for all of our non-recyclable waste and an odor minimizing Organics Container to compost our food waste from the break room. All 3 containers will be scheduled on a regular pick up and we will do our best to organize our waste accordingly, in an effort to minimize our carbon footprint. In addition to this regular pick up we will also be requesting Hazardous Waste collection via At Your Door Special Collection program for all of our garden chemicals: Fertilizers, herbicides, pesticides, and insecticides as well as household chemicals, such as bleach.

Cloning

One way we will reduce overhead is to create our own cloning regimen within our grow. We will be producing all our own clones using typical mother techniques as well as tissue cloning. Tissue cloning is very important to keep the integrity of the plant intact without introducing it to harmful bacteria, fungus or bugs. The more we can do to preserve the plant's health the less risk we take of contamination. Having a breach in our system due to contamination will lead to more problems resulting in waste. So, by doing everything inhouse we not only help to limit risk but we also save on resources such as travel and fuel that would be used picking up new plans each time from nurseries as well as any potential waste produced by ruined crops. Getting started with cloning is an easy process that can be done with a small amount of LED lights, cloning trays with a dome in order to retain proper relative humidity for the clones to root out, and a small room.

Organic Grow Medium

Our product will be guaranteed pesticide-free, grown by a career cultivator who specializes in certified organic and sustainable agriculture. We specially blend all of our own organic nutrient recipes with coco coir to yield a clean product that is 100% sustainable. With the use of coco coir, we ensure a sustainable and responsible practice that can be reused over and over. Coco coir is the recycled and processed natural fiber from the husk of coconuts. What was once regarded as waste material, in contrast, today constitutes a magnificent growing medium for cannabis plants. Coco coir is 100% eco-friendly, reusable recycled product. Coco coir is also less vulnerable to insects and plagues. Root rot and nasty root

invading fungi and insects are far less likely to plague the coco coir grows. Coco coir is sterile and so well aerated that the roots develop almost as quickly as in advanced hydroponic setups. The less time we use to grow a mature healthy plant, the lest energy and waste we are left with. Each step of our operation is connected to the next creating a synergy and efficiency to bring to the market a true sustainable product.

Hidden Farms Inc Business Plan and Operations

Hidden Farms Inc., secured $1.65M investment from its key founders in the following amounts:

a. **David Tsuei:** $500,000.00

b. **Ryan Melchiano:** $300,000.00

c. **Jessica Hunt:** $300,000.00

d. **Marco Stark Falcone:** $350,000.00 (Equipment)

e. **Sergey Gorokhovsky:** $200,000.00

Partial funds were released on 2/1/2018 and at this time $650,000 has been expended on securing our building at 3166 Diablo Ave, setting up operations and securing equipment and design. The remaining $1M will be expended over the next one year on overall construction & operation demonstrated in our attached budget.

Building Core and Shell Improvements		
Mobilization	$	2,500.00
Interior Demolition	$	5,650.00
Exterior Demolition	$	1,350.00
Concrete & Asphalt Patching	$	4,000.00
Interior Framing	$	27,250.00
Rough Electrical & Distribution	$	122,400.00
Rough Plumbing for Interior Drainage	$	18,990.00
Finished Plumbing & Fixture Installation	$	7,800.00
Building Insulation	$	21,000.00
Drywall Installation LVL 3	$	24,600.00
Lighting & Energy Control	$	21,980.00
HVAC Design Built	$	225,000.00
Exterior Lighting	$	2,180.00
Finished Carpentry & Casework	$	9,500.00
Interior Painting	$	15,500.00
Finished Flooring	$	12,550.00
Bathroom and Lobby Tile	$	13,300.00
Epoxy Dura Coat Floor Coatings	$	20,000.00
Architectural Plans & Designs	$	22,000.00
City of Hayward Building Permits	$	12,000.00
Insurance	$	4,300.00
Total	**$**	**593,850.00**
Operations & Start Ups		
Production Equipment (Lighting, Tables, Irigation)	$	200,000.00
City of Hayward Buiness Permit	$	15,000.00
CUP Application Fee	$	6,000.00
Furniture & Office Suppliers	$	10,000.00
Production Materials (grow medium, vitamins, etc)	$	15,000.00
Start Up Capital	$	130,000.00
Insurance	$	25,000.00
Total	**$**	**401,000.00**

Hidden Farms Plan to Conform to Attorney General Guidelines

Hidden Farms will adhere to all California State MMJ/cannabis regulations, as set forth by State's Attorney General Office and the Office of Cannabis Control. Given the turbulent nature of this business sector that has conflicting factors from the federal level to California State, as recently demonstrated by USA Attorney General, Jeff Session. His memo, released this past Spring, cleared the way for a federal crackdown on the MMJ/Cannabis sector by rescinding an Obama-era directive that allowed a fairly "hands- off" enforcement of federal marijuana in states that have legalized cannabis. This includes California as well as other recreational states. Sessions' directive allows federal prosecutors to decide whether to enforce laws prohibiting marijuana use, sales and cultivation.

Given MMJ/Cannabis' turbulent political climate, Hidden Farms will increase its advocacy work and become more involved with public policy organization such as California NORM, National Cannabis Industry Association (NCIA), Marijuana Policy Project. We will support California Federal Attorneys and the State Attorney General, Xavier Becerra in addition to the Bureau of Cannabis Control's Chief Executive, Lori Ajax. These leaders are strongly committed to defending Proposition 64, the 2016 initiative that led to the opening of the State's first retail cannabis stores. We are committed to

supporting their present and future "pro-Cannabis" legal initiatives by participating on several advocacy boards and promoting new campaigns through our extensive network. We have a staff of 5 people who can make a significant impact throughout the community and within boardrooms to city hall meetings.

In adherence to the Proposition 64 - The Adult Use of Marijuana Act, a law that approves a similar licensing structure as that proposed under MCRSA, Hidden Farms will be following all City of Hayward and the State of California MMJ/Cannabis cultivation regulations as center on the Medical and Adult Use of Cannabis Regulation and Safety Act (MAUCRSA) – approved, June 2017, by California legislators and the governor.

We will keep a "steady eye" on The U.S. Controlled Substances Act (CSA) –which remains in effect for the foreseeable future, as the federal government continues to grapple with the debate over rescheduling marijuana. While cannabis is both recreational and medically legal in half of the U.S., federal prosecution remains a concern. In addition to our increase public policy work we will continue to retain a leading MMJ/Cannabis law firm with more than 10 years' experience navigating the complex laws of the cannabis sectors. Hidden Farms will also increase its local networking in the City of Hayward. We are already looking to meet with key Hayward MMJ/Cannabis business leaders and advocates including United Food and Commercial Workers Local 5 and Teamsters Local 70

Adhering to Legal Steps to Secure License

1. **City of Hayward Approval:** Hidden Farms is now in the secondary phase of securing our City of Hayward Cannabis Cultivation License - Application #: C-1055 submitted January 31, 2018. We met with City Officials when our application was approved for this Permit Application, pending the outcome with the City's Zoning Department.

2. **Meeting with Zoning Department:** We had a meeting with the City of Hayward Zoning Department to get information and clarification of requirements to secure our Entitlement/Land Use Permit.
3. **Hayward Department of Water:** We will set a meeting with the City of Hayward's Water Department Management to discuss our water needs and to ensure water supply access by our projected date of 5/1/2019.

4. **State License:** When Hidden Farms receives its commercial permit from the City of Hayward, we will begin our State Application. We will abide by all application procedures as set forth by the Bureau of Cannabis Control and apply for a license from the Department of Food and Agriculture. Later we will apply to the Bureau of Cannabis Control for our distribution permits. Working under the regulation of the California Department of Food and Agriculture (Department) that regulates the cultivation of commercial cannabis, pursuant to Senate Bill 94 (Committee on Budget and Fiscal Review, Chapter 27), which was enacted by the California State Legislature on June 27, 2017. Hidden Farms is committed to implement business operations and systems to be 100% compliant. These include the adhering to the following actions:

Hidden Farms Actions to Ensure Legal Compliance

1. **Track-and-Trace System:** We will implement the product-tracing program that tracks the seed-to-sale journey. We will use the latest barcode labels to "Track and Trace" our cannabis into the market, thereby preventing diversion of regulated product to the unregulated market or inversion of unregulated product into the regulated market.

2. **Benefits to the Public:**

    a. **Urban Youth Development:** We will implement a unique, interactive learning program using automobiles called Project Wreckless. This program is designed to partner with schools, local police, and nonprofits to provide students ages of 7 to 16 who have had a challenging life with substance abuse, or a criminal background to gain life skills, encouragement to complete their education and give them transferrable skills for employment.

    b. **Environmental Safety Plan:** We will implement an environment safety plan by using daily and industry-standard environmental protection measures.

3. **Worker's Safety:** We will strengthen worker's safety through enforcement our Employee Safety Plan that meets the California Occupational Safety and Health Act of 1973 and Title 8 of the California Code of Regulations. Hidden Farms will adhere to these keys regulations as summarized below:

    a. Establish, implement and maintain an Injury and Illness Prevention Program and update it periodically to keep employees safe.

    b. Carry out routine Work Place Inspection(s) to identify and correct unsafe and hazardous conditions.

    c. Make sure employees have and use safe tools and equipment and properly maintain this equipment.

    d. Provide and pay for personal protective equipment as per the Division of Occupational Safety and Health (1979), 25 Cal. 3d 465, that mandate an employer is required to pay for personal protective equipment (PPE).

    e. Use color codes, posters, labels or signs to warn employees of potential hazards.

    f. Establish or update operating procedures and communicate them so employees follow safety and health requirements. This will occur in weekly staff meetings.

    g. Provide medical examinations and training when required by Cal/OSHA standards.

    h. Immediately report any work-related death or serious injury or accident, as required by section 342(a), Title 8, California Code of Regulations (T8CCR

    i. Keep records of work-related injuries and illnesses on our personnel files,

    j. Post, at a prominent location within our workplace, the Cal/OSHA poster informing employees of their rights and responsibilities.

    k. Cooperate with Cal/OSHA and the Bureaus of Cannabis Control and Department of Agriculture enforcement personnel should an inspection be required or respond accordingly to all inquiries by these government agencies.

4. **Non-Discrimination:** We will not discriminate against any employee based on any protected classes as outlined by the State of California.

5. **Cultivation Standards:** We will follow State regulations for the maximum threshold production and for mixed-light cultivation as required by BPC Section 26061.

6. **Waste Management Plan:** We will implement a waste management plan for disposing with our cannabis waste and by-products to a fully-permitted solid waste landfill or transformation facility. Currently, we are meeting with Gaiaca, California's first properly licensed cannabis waste management company that is established in Hayward. Gaiaca manages all forms of cannabis byproducts created by cultivators and manufacturers. They are a licensed full-service waste management solution that will help us meet state requirements for cannabis waist.

7. **License Total Canopy Size:** We will adhere to the total allowable canopy size for our Cultivation License. The entire ceiling of the warehouse will have two layers of 5/8" type X drywall achieving 1-hour rating. The entire building already has sprinklers installed and we will adjust and add heads to accommodate the new layout. Each door to the grow rooms, as well as hallways, will have a self-closing device as well as air & smoke seals to help prevent escape of odor. Lighting will be High Pressure Sodium Type light fixtures suspended from the ceiling using airplane cables that will not obstruct any sprinkler heads. We have a total of 7 Flower Rooms totaling 5,017.1 SF and will be using each room according to the stage in the life cycle for the plants.

8. **License Adherence:** We will NOT transfer nor assign our licenses to another cultivation company or group of growers.

9. **Non-Manufactured Cannabis Products:** We will not engage in any unregulated or non-approved cannabis manufacturing processes.

10. **Licensed Distributor:** We will only engage California State Cannabis Distributors to transport our products to testing and to the retail market. The section below details distribution companies we are currently meeting with to determine costs, procedures and timelines

11. **License and Workers Rights Displays:** We will prominently display all business licenses and permits as well as employment rights and safety posters in central areas, such as our employee lounge. We have also budgeted funds for a HR consultant to set up employee handbooks as well as detail hiring and termination procedures. We are working to shape our benefits program, inclusive of health insurance, vacation pay and eventually a retirement fund program.

12. **Pest Control:** We will adhere to all MCRSA and the California's Department of Pesticide Regulation (DPR), in consultation with the Department of Food and Agriculture (DFA), to implement a comprehensive Pest Control Plan. We will adhere to all pest control standards for cannabis cultivation and "the maximum tolerances for pesticides and other foreign object residue in harvested cannabis." We will also meet the State Water Resources Control Board and the Food and Agricultural Code pest control Standards as well as California Fire Code Chapter

26. We will implement routine inspections and screening for microbiological screenings, foreign matter inspection, residual solvent tests, and pesticide and other chemical residue and metals screening. By this we mean that we will collect samples on a regular basis from a variety of locations and send to a licensed laboratory for testing. Upon receiving the results, they will be reviewed and if any one of the above screenings does not meet standards, an investigation and improvements will be implemented to resolve the issue. In addition, the management in their investigation will determine if product has been compromised and if so will decide if the product meets standards. If not, the product will be quarantined. Once implementation is in place, Hidden Farms will test again to determine if the test meets standards.

13. **Processing Activities:**

a. **Updating Oversight Agencies:** Should we consider making any changes to our facility or licensing status or have received any inspections defaults or labor charges, we are committed to ensuring that both the City and State offices are informed. This includes reporting any employee injuries and/or accidents.

b. **Cannabis Plants:** We will not accept any failed-tested clones or take to market any cannabis that has not been approved by a licensed testing laboratory through the oversight of Hidden Farms contracted distributor.

c. **Labeling:** The distributor we contract will adhere to all labeling requirements and we will adhere to all bulk cannabis labeling requirements.

d. **Back-Up Systems:** We will maintain working battery banks in case of electrical failures.

e. **Book Keeping Systems:** We will maintain detailed sales records capturing invoices and accounts payables. These records are available for oversight agencies' audits.

f. **Track and Trace:** Any irregularities to this tracking system will be reported to oversight agencies and we will be vigilant in adhering to all track and trace protocols and compliance regulations

g**. Weighing:** We will use highly precise scales and measurement equipment that are approved, tested and sealed pursuant to State Code.

h. **Space Allocation:** Hidden Farms cultivation and processing rooms will meet State and City Code and we will not change our inspected space configuration without meeting with and securing approval from oversight agencies.

Grow Process

The grow process typically takes 13 weeks from clone to finished flower and has 6 major phases. Below is a basic outline of our process and materials used. After the outline we will go into further detail for each of the 6 grow phases.

See the grow process outlined below along with the grow medium used, pot information and the foliar sprays used for IPM/IFM (integrated pest management/integrated fungal management):

Grow Process Phases:

1. Mother plants
2. Propagation and Clones
3. Transplantation
4. Vegetation (4 weeks)
    a. Transplantation
    b. Second transplant at 2 weeks
5. Flowering (8-9 weeks)
6. Harvest
    a. Drying (7-10 days)
    b. End product

Grow Medium:

1. Base
    a. Coco Fiber, 75% ratio
    b. #4 Chunky Perlite, 25% ratio
2. Nutrients from Cutting Edge Solutions:
    a. Grow
    b. Bloom
    c. Mag-Amped
    d. Plant Amp
    e. Micro
3. Pots
    a. Mother plants: 16”x16” white square
    b. Clones: 6”x6” white square
    c. Flowering plants: white square

IPM/IFM (integrated pest management/integrated fungal management):

1. Foliar spray
    a. Green Cleaner
    b. Plant therapy
    c. Regalia Biofungicide
    d. Venerate Bioinsecticide

Below is a detailed breakdown of our grow process and its 6 phases:

1. Mother plants are grown in coco fiber and perlite, in 16”x16” square white pots. The room temperature is maintained between 75-80 degrees Fahrenheit. The humidity of the room should be ~60%. The mother plants are watered as needed, about every 2-4 days. The nutrient solutions used in the watering process are: Cutting Edge Solutions (1-2 ml per gallon), Silica (5 ml per gallon), and Plant Amp (5 ml per gallon). The mother plants are flushed with compost tea, water and/or Regalia/Venerate (extract of Reynoutria sachalinensis/Buurholderia ssp. strain A396 cells) every 10 days. In addition, the mother plants are sprayed with potassium salts and fatty acids, peppermint oil, rosemary oil, citric acid and isopropyl alcohol every 7 days. This

process is followed by a beneficial compost tea spray or Regalia foliar spay the following day. The mother plants are trained to create more cuttings for propagation by bending the branches horizontally and tying them down.

2. In the propagation phase the clones are cut every 7 days to keep up with the demand of the flowering rooms. Appropriate branches are cut from the mother plant and set aside in a cup of water. Using a clean razor, cuttings are cut below the node, with 2”-3” of stem remaining. They are then placed into a rooting compound. Next, the cuttings are set into 1.5” rockwool cubes that have been soaked in water (pH 5.0) for at least 1 hour. Clone trays have dome vents, which are kept closed. The trays are put onto a metal rack with T-5 florescent bulbs. Each bulb is held about 5” above the tray’s dome vent/ Every 24 hours the dome vents must be replaced with dry dome vents. At day 5 the dome vents are opened. However, each try must remain enclosed by the dome vent and continue to be replaced with dry dome vents every 24 hours. After 7-8 days it’s time to check for roots and separate the well rooted clones. Well rooted clones are placed back under the florescent bulbs, without dome vents. If a well rooted clone begins to wilt, without a dome vent, place it back into a dome vented tray. Well rooted clones that do not show signs of wilting and are showing roots are left under the florescent bulbs for 1-3 days. At this time the bottom of the rockwool cube will be heavily rooted and the clones should be hardened to withstand low wattage HID lighting. Unless the clone’s specific stain takes longer than most, a clone will typically not be successful if it has not rooted after ~14 days.

3. The transplantation phase happens after the clones have rooted and hardened off. This is when they will be transplanted and moved into the vegetation room. The first pots are square 6”x6” pots. The clones are planted in the coco-perlite grow medium (similar to dirt-like soil). The coco and perlite are mixed at ratio: 75% coco to 25% perlite. Before transplantation, dechlorinated water is mixed with powdered Mycorrhizae and create a slurry-like solution. The clone roots are dipped into the Mycorrhizae solution and then transplanted into the pots. The pots are filled with the coco/perlite grow medium, leaving pace for the clones. Then the clones are planted up to the top of the rockwool cube and the rockwool cube is left visible. The coco should not cover the stem of the clone plant.

4. The vegetation phase is when the plants are in a vegetative state. The plants will grow larger; however, they will not produce any flowers during this phase. This takes around 4 weeks and is located in the vegetation room. New plants are placed under lights (LEC 315 watt) and are watered immediately with Silica (1-2 ml per gallon), Micro (2.5 ml per gallon), Grow (2.5 ml per gallon), Bloom (2.5 ml per gallon), Mag Amp (2.5 ml per gallon), Plant Amp (2.5 ml per gallon), and water (pH 5.8). During the next watering process, if the plants are responding well, the nutrient solution should be raised to the same level as the mother plant nutrient solution. After 4-7 days in the vegetation room, if the plants show new growth and have at least 6 nodes below the uppermost shoot, the top node will be cut off or “topped”. Topping promotes side branching and allows multiple branches to reach the top. In contrast, if the topping process is excluded the plant will look similar to a Christmas tree with only one branch at the top. Topping can be repeated depending on the strain, however topping should not be repeated more than once within a 2-week vegetation phase. The vegetative plants receive the same flush and spray

as the mother plants. As the roots begin to protrude through the bottom of the pots (~14 days) the roots mingle and become heavily rooted. At this point, the roots will easily hold the coco grow medium together. Next, the plants are ready to be transplanted into a second pot. The plants will be transplanted from the first 6”x6” pots into the second 12”x12” pots. This transplantation process is the same as the first. Each plant is watered immediately after the transplantation with full mother plant nutrient solution. After another 2 weeks in the vegetation room, the 12”x12” potted plants should be ready for the flowering phase based on the strain and height (~12”-24”).

5. The flowering phase is the flowering process in which the plants create flowers and eventually end their life cycle. This takes place in multiple designated flower rooms. The plants generally take 9 weeks to fully mature. Plants are moved into the specified flowering rooms and will immediately go through the pruning process. The pruning process consists of removing the lower branches that will not yield many flowers, due to the location of the branch on the plant. The number of branches pruned is dependent on the strain, grow style and level of canopy support. When using a two-tier trellis plants will be placed on the tables and the first trellis will be placed over them. The trellis will be about 4” shorter than the plants and the tops of the plants will be slightly bent under the trellis and spread out over the footprint of the trellis. This should create an even flat canopy that allows the shoots to grow through the first trellis and into the second trellis. The second trellis should be placed about 8”-18” above the first trellis. This is dependent on the strain and the level of growth during the first 4 weeks. The plants will then be supported by stakes. Staked plants should slowly be spread out over the tables during the first 2 weeks of the flowering phase. Each plant should not touch until there is no more space between them. Near the end of week 3 the plants will fill the tables and the canopies will look full. All the main branches that will produce large flowers will be staked and tied with a green garden tie. The number of branches that need to be staked varies and is dependent on the strain and the strength of the stems/branches. The spray schedule should be the same as the mother and the vegetation plants, with the exception of the Regalia after 3 weeks in the flowering room. The Regalia will only be used every 7 days (15 ml per gallon) now. The new feed schedule for the flowering plants is: Silica (1-2 ml per gallon), Micro (2.5 ml per gallon), Grow (2.5 ml per gallon), Bloom (2.5 ml per gallon), Mag Amp (2.5 ml per gallon), Plant Amp (2.5 ml per gallon) and water (pH5.8). Around 7-10 weeks the plant flowers should be mature and ready for harvest, but again this depends on the strain.

6. During the harvest phase the plants are cut down and hung upside down, in the drying room, and all the fan leaves are removed and set aside for compost. Removing the fan leaves helps ensure a quicker and more even drying process. Plants are then broken down into large branches and hung in the dry room spread out evenly. The drying room is kept at 65 degrees Fahrenheit and 50-55% humidity and the drying process, overall, should take around 7-10 days. After the flowers are dried each bud is cut from the branch and stored in an air tight container and the flowers are now ready to be trimmed. The trimming process is simple; leaves that grow on and close to the flowers are removed with scissors or fingers without damaging the flower calyxes. Larger buds are also broken down into consumer sizes and buds should not be larger than 2 grams. After the dried flowers are trimmed, they are ready for the curing process. Curing

cannabis allows leftover minerals, sugars and starches to breakdown before being trapped inside. This process allows the product to be stored for longer periods of time as well as produce a smother more flavorful product. Trimmed and dried flowers are placed into air tight containers and burped (to open the container for a few minutes) twice daily for the first week and once daily for the second. Further curing is optional, however, after two weeks the finished product is ready for consumption.

7. We will continually engage the services of testing laboratories at fundamentally significant steps in the cultivation process to insure our product will pass testing guidelines set by Bureau of Cannabis Control (BCC)

Note: We will be using C02 Gas. We are not sure yet if we will use C02 Generators that burn natural gas or we will use piped in CO2 from tanks that are standing outside. Whether we are using a C02 generator or piping in the C02, the systems only turns on automatically when the plants use up the C02 in the room. We have duel sensors in the room that constantly take C02 readings and turn the system on as needed. We are also planning to use a C02 monitoring/alarm system by http://www.ox-an.com/ for safety independent from the system used by the C02 generators. Staff will be instructed and trained in necessary procedures if they see or hear audible alarms from the life safety systems in the building.

Also, Humidity is an unwanted byproduct of having so many plants in such a small indoor space. Our ideal target range of humidity is 40% and if humidity rises above 60% it can lead to molds, mildews, and other unwanted biological growth. Furthermore, high humidity prevents plants from properly taking in CO2 and prevents efficient photosynthesis. Each of our rooms will have two Quest 215 ceiling mounted units and two CLEANLEAF CFP filtering fans that have a two-stage charcoal filter and a HEPA filter. On top of that, the fan coil units in each room will have UV Filters installed in the ducting to help kill any organic microbes and spores. Each room will be hydroponics-based system and we will not have any standing water like a flood system thus keeping humidity lower. Also, all the walls ceiling and floors will be painted with high gloss epoxy paint for easy cleaning as well as visibility to spot any kind of potential growth.

Track and Trace

Using the Metrc software for our cultivation process requires us to obtain an annual license and create a business profile for each employee and product (strain, item, etc.). All plants are entered as “product intake” whereby the inventory of those items increases in the inventory system as Seeds, Clones, Immature Plants or Flowering. Clone trays of 99 plants or less will be tagged with one tag using a tamper evident strap at the base of the main stem and will be grouped into an Immature Plant Lot. Once Clones have rooted and are ready for transfer into individual pots, a tag will be applied to each plant’s stem labelling them with an Immature Plant tag and its own Unique Identification Number (UID). This UID will remain through the vegetation phase and will stay with the plant as it moves through the rooms in the facility until harvest. Once matured (begins to flower), each plant will be moved to a canopy keeping their UID now labeled as Flowering. When the plants are ready to harvest, each plant’s flower and waste will be weighed and packaged receiving its own Package UID. Whenever an UID moves within our facility or transferred to a 3rd party distributor, the UID will be scanned into our database and tracked under our Metrc license. Inventory will be monitored daily and adjustments will made accordingly when plants die or are killed off and as they move throughout our facility.

Product Packaging and Labeling

1. Once Product is ready for consumption, we will implement our Cannabis Cultivation Labeling system in compliance with CDFA cannabis regulations. We will remove the portioned amount of product from the air tight containers and place in our packaging. Our packaging containers will be tamper-proof and tamper-evident and each will have a unique identifier for the purposes of identifying and tracking cannabis and cannabis products.

2. Our packages will be labelled with the required warning focusing on "Government Warning: This Package Contains Cannabis, A Schedule I Controlled Substance. Keep Out of Reach of Children and Animals."

3. The net weight of cannabis in each container will specified.

4. Identification of the source and date of cultivation, the type of cannabis, and the date of packaging.

5. The appellation of origin, if any.

6. Our contracted Distribution Company will be responsible for listing the pharmacologically active ingredients, including, but not limited to THC, CBD, and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total.

7. We will be compliant with the unique identifier issued by the state Department of Food and Agriculture including plant tagging and lot identification.

8. Our labels will specify Alameda as the county of origin.

9. Our packaged products, per our contracted Distributor, will be labeled with the product identity, the name of the party responsible for packaging the product, and an accurate quantity statement.

10. Our contracted Distribution Company will be responsible for having our product tested by a state licensed lab and issuing a Certificate of Analysis (CoA) before its distributed to manufactures or retail locations. Certificate of Analysis will have:

- The testing laboratory's name, address, license number
- The Distributor's name, address, license number
- The Cultivator's, Manufacturer's, or micro-business's name
- Batch information that corresponds to compliance batch the sample was obtained
- Unique ID
- Sample type
- Batch size
- Sample Information including:
- Date of collection by testing lab
- Date received by testing lab
- Date of analysis for each test required
- Size of sample
- Analytical method used in the analysis required

Although we will be packaging bulk volume of cannabis flower, our packaging products and designs will not resemble traditionally available food packages and will be tamper-evident.

Shipping and Receiving Process

1. All deliveries and pickups (of cannabis or other) will be done by appointment only and through the back-loading dock.

2. Each ingress/egress point on the property will be under 24-hour security camera watch. When someone, such as a delivery person, needs access into the building, they will ring a doorbell which will bring up that particular camera on the security monitors in the office. The vehicle will call through the video intercom to get access through the gate into the backyard. Before the door can be opened, the person will be verified by the staff as someone expected.

3. The delivery personnel will then ring the doorbell to the loading dock where they can be seen on video before the loading dock door will be opened by the staff inside.

4. The loading dock will never be opened at the same time as the gate leading to the backyard.

5. The manager on duty will meet the delivery person in the shipping/receiving and storage room to complete the transaction.

6. The manager on duty will complete the cash count sheet and produce a receipt to the delivery person.

7. The delivery person will then proceed to load their truck with the packaged product located on the metal 5’ high storage shelves (once the truck is loaded there will no longer be any cannabis product in this room).

8. Upon exiting the roll up door will be closed and then the gate will be opened for the driver to exit the premises.

Note: We will unlikely receive deliveries, as our labelling is produced onsite, and our packaging will be purchase online, but if/when we do the process will be completed just as described above; except we will be receiving instead of shipping.

Cash Handling Procedure

Any transaction where cash is exchanged will require the attention of the manager on duty. The manger will count the cash first and then feed the money into a cash counter and compare numbers. When the numbers match with the customer invoice the manager will fill out a cash count sheet which documents:

1. Who paid with cash and the amount.
2. The date and time of the cash transaction.

3. The cash breakdown of bills and coins, if any.

The manager will only accept cash payments of the exact amount. Since we do not keep cash onsite, we will not/cannot make change. The manager will then sign the cash count sheet and provide a receipt/copy to the customer. Once the customer leaves the manager will immediately go to the bank and deposit the cash in a safety deposit box. The manager will get a deposit receipt and bring it back to the warehouse. The deposit receipt is then scanned and uploaded to our accounting software (most likely QuickBooks) and saved.

In addition, employees will never be paid in cash. Employees will receive weekly or bi-weekly checks and have the option to sign up for direct deposit. All employees will receive a W-2 and must sign a I-9 before beginning work once hired.

NOTE: There will be no cash stored on-site.

Room by Room Process Breakdown

Room 1 will primarily be used for storage of materials necessary for production. As well as, all deliveries of supplies and shipping of finished product. There will not be any personnel in this area unless they are getting supplies or receiving packages and material. We expect to take and receive deliveries from small light commercial vans and trucks so we will not have any large deliveries that requires a fork lift, pallet jacks or any pallets. No fished product is ever left in this room the finished product is only transported and loaded into a waiting transport vehicle.

Rooms 2,3,4,5,6,7,8 are grow rooms with occupancy F1. Each room will have sixteen 4'x 8' tables and each table will have approximately 16 plants. Each room will have approximately twenty-four lights that are 16"x16" and will be hanging from the ceiling at about a 10' height off the floor. Maturing plants will be transplanted to these rooms after four weeks of vegetation in room 15. The plants will spend 8-9 weeks in these room until they are cut down and placed into plastic bins for drying and brought to room 14. During the 8-9 weeks while the plant grows and flowers, two workers will spend a couple of hours a day in each room to trim excess leaves, check for mold and pests as well make sure the plants are healthy. Each of the 7 grow rooms gets 12 hours of light a day so that rooms will rotate lighting based on employee hours. Half the rooms will work from 12pm to 12am other will start at 12am and work to 12pm so employees will be able to get all the rooms in the overlap during the work day.

Room 13 is where the finished product will be stored. We are planning to only keep very small amounts of inventory at any given time in this room. The room should remain largely empty, even though it's a pretty good size. The product will be stored in sealed air tight plastic bags that are placed in cardboard boxes and stored on metal 5' high shelving.

Room 14 will be used for storage of product that has been cut down and is drying. Product that has not been processed product will be stored on 5' high metal shelving in reusable plastic bins, there will also be some hanging on open shelving while its drying.

Room 15 is the Veg room and will have a similar configuration as the other grow rooms, with the exception that the ceiling will be shorter. Because the ceiling is shorter in this room the LED light fixtures will be hung approximately 2 feet from the top of the plants. We will have mother plants as well as young plants and just like the other 7 grow rooms two workers will spend about two hours per day in this room. About once a month plants will be transplanted from this room into one of the other 7 grow

rooms so the worker hours will be increased to a full day to move plants from room 15 to one of the 7 grow rooms. The lighting schedule in room 15 will be 8-10 hours per day.

Room 9 is office space for the operation staff.

Room 10 is a break room for the employees. This will provide a place for workers to take breaks and have lunch as well as provide lockers for personal belongings.

Room 11 is reception. We will have just one desk set up away from the wall with one person answering phones and replying to general inquiries at this desk. They will also be looking at invoices and bills. The doors will be locked at all times and there will not be any kind of retail sales or open-door policy. People will need to make appointments to come in. The reception area will be the central location for the life safety monitoring panel.

Room 12 is office space for managers and will be the location of security monitoring equipment & controls.

NOTE: Including production staff, office staff and security staff, on a typical day, will be 15 or less people in the building at any one time. In addition, each grow room, as well as the entire warehouse, will have battery operated emergency lighting on dedicated circuits. We will use tritium exit signs above and on ground level of each door leading out of the grow rooms. The rest of the warehouse will have regular exit signage with battery backup. Also, please note the grow rooms run on 12-hour light cycles. While the grow lights are off, no one is allowed to be in the room for plant health because even low-level lighting can be damaging to the plants during their “night time” cycle.

On-Site Storage

Room 1- S1 is storage, shipping & receiving- storage will consist of storing packaging materials, plant mediums, plant nutrients, regular house hold cleaners, tools and supplies. The materials will be stored on 6’ high metro racks along the perimeter of the room with some of the small items being stored in boxes. Nothing will be plastic wrapped. Things like nutrients and grow mediums as well as additives will be stored in the same packaging it was purchased in. There will be no storage of raw material, any flammable material or storage on any type of pallets.

Room 13- S1 is storage of the finished cannabis product stored in plastic air tight packaging on metro rack shelving in boxes ready for distribution with a maximum height of 6 feet. There will be no storage of raw material, any flammable material, any chemicals or storage on any type of pallets.

Room 14- S1 is storage of unfinished cannabis product that has been chopped down. The product will be stored in plastic air tight containers stacked on top of each other to a maximum height of 4 feet. Some product will also be suspended from open shelving while its finishing the drying process. There will be no storage of raw material, any flammable material, any chemicals or storage on any type of pallets.

The rear yard will have storage for waste. Both, standard office waste, as well as cultivation waste, will be in secure lockable containers and will possibly have of C02 storage tanks. The determination has not been made if we will use C02 generators or C02 piped in system. In the event that C02 storage tanks are used there will be a secure tank storage cage/barricade to prevent any dropping, tampering, vehicle damage or movement of the C02 tanks in case of an event of an earthquake.

NOTE: Total Building Interior Ceiling Height is 16’5” for Rooms 1-8. The Office/storage and bathroom, Rooms 9-15 will split the building height so the intended height should be 7’4” ceiling heights for these rooms.

Product Testing and Safety:

Quality Assurance Testing

We will implement numerous “Quality Assurance” strategies to ensure our cultivation processes meet industry and government standards and that we have outstanding business operations. Within this complex business paradigm there will be a range of Quality Assurance plans and action steps that include employee training, equipment preventative maintenance procedures, building operation procedures, and daily quality control testing, among other things.

Below is a summary of our Key Quality Control Strategies to ensure our cultivation and business operations are running at a 100% level.

Quality Assurance Control Strategies

Flowers Quality-Control: We will assess our seedlings, clones, and growing plants on a daily basis to check for mold, pesticide damage, or irregularities in the roots, stems, and leaves.

Personnel Training and Responsibilities: To ensure we have the most talented, skilled and committed staff, we will contract a professional MMJ/Cannabis HR consultant to ensure our recruitment, hiring, and training program provides a very happy and productive staff.

Equipment Preventative Maintenance: Our cultivation staff are charged with conducting daily inspections of our core equipment including our lighting and fans. There is a log book and a specific “check off” list that must be approved by our Cultivation Director.

Pesticide Control: The Cultivation Director will oversee our daily Pesticide Control program that includes root, leaf and stem testing. A daily log book will be updated of all pesticide’s prevention actions and liquids or chemicals used that are state, city and county compliant.

Security: Our Security Director will oversee daily site and perimeter inspection ensuring our video surveillance is working and there are no signs of any criminal activity.

Data Security: Our contracted Network Administrator will ensure our computers and data have the most secure firewalls and there is no data breach.

Inventory and Storage: COO will make daily inspections of our stored inventory including planting supplies, soil and harvesting equipment.

Waste Disposal: We intend to contract with Gaiaca, a licensed Cannabis Waste Management Company. We will dispose of waste in a manner that meets State Standards in sealed, smell-proof containers for production waste. See Gaiaca Management Plan for Non-Hazardous Cannabis Waste on page 38.

Office Records Disposal: We will contract a licensed shredding company to shred any and all printed documents we disposed of.

Cannabis Waste Management

Hidden Farms Inc anticipates generating non-hazardous streams of waste consisting of cannabis plant material/biomass from pruning, trimming, and harvest (flower, leaf, stalk, root ball, failed plant, etc.). Quantities of waste generation are undetermined at this time.

We will implement a waste management plan for disposing our cannabis waste and by-products to a fully permitted solid waste landfill or transformation facility. Currently, we are meeting with Gaiaca, California's first properly licensed cannabis waste management company that is established in Hayward. Gaiaca manages all forms of cannabis by-products created by cultivators and manufacturers. They are fully licensed and ensure that MMJ/Cannabis companies are fully "State and City Compliant" managing their cannabis waste. They will assist us to prevent any cannabis waste that will mix with non-cannabis waster. They will pick up and dispose of cannabis waste such that it will be rendered unusable and/or unrecognizable.

A trash enclosure that meets the design criteria set forth by Nicole Grucky with the City of Hayward has been added to Page A-0.0 & Detail on A-1.1 to the plan set. The location of the trash enclosure allows for the waste management truck to pull straight back down the driveway for pick up. The cannabis waste storage will be located in the shipping receiving area in a bin corral made out of chain link fence with a lockable gate shown on page A-1.1. All of the bins will be provided by Gaiaca. The bins are lockable with a level lock ring. Prior to Gaiaca's pickup of the cannabis waste, Hidden Farms documents in their trace and track system accounting for plants and plant material which usually includes extra vegetative plants, failed clones and harvest waste that is being discarded. The plant and plant material will be identified, weighed, time stamped and a photo taken prior to placing inside the receptacles. All this information is documented in the trace and track system to avert employee theft and prevent the cannabis waste to be placed into the public waste system.

All cannabis waste by product will be kept in locked trash containers in shipping receiving area (room 1) with proper track and trace labeling

See Gaiaca Management Plan for Non-Hazardous Cannabis Waste and signed contract added to the end of this business plan.

Non-Cannabis Waste Management

Hidden Farms will also produce non-cannabis waste from packaging, labelling, printing and day to day office activities including, but not limited to, food waste from the employee break room, empty containers from products used on plants- organic and household products, etc... We will contract with Alameda County Waste Management to properly recycle and/or dispose of these waste products.

Based on our service request, Waste Management recommends a 2 cubic yard recycling dumpster, a 2 cubic yard waste container for all of our non-recyclable waste and an odor minimizing Organics Container to compost our food waste from the break room. All 3 containers will be scheduled on a regular pick up and we will do our best to organize our waste accordingly, in an effort to minimize our carbon footprint. In addition to this regular pick up we will also be requesting Hazardous Waste collection via At Your Door Special Collection program for all of our garden chemicals: Fertilizers, herbicides, pesticides, and insecticides as well as household chemicals, such as bleach.

Water Management

We are going to have three toilets that will have 1.1gpf, one urinal with .5gfp, three handwashing sinks with 1.5gpm, and one kitchen faucet with 1.5gpm. The exterior landscaping uses one 3/4" hose at 4gpm going to a landscape timer that runs for 15 minutes.

We are going to have eight rooms that will have drip irrigation system. Each room will have one (1) ¾" house bib to which we will have one Dosatron drip irrigation vitamin mixer. We will use a rain bird simple 4 zone irrigation timer. Each zone will feed one row of five tables and each table will have two Octa-bubbler BLUE to feed the sixteen plants on each table. Each BLUE Octa-bubble output 2GPH from each of the eight ports. 2GPH/60 Minuets = 0.033GPM. Feedings for each zone occur four times a day for three minutes, for a total of twelve minutes (please note this is an average and young plants need considerably less watering and some species of plants need different amounts of watering). 0.033GPM x 12 minutes x 16 pots per table x 16 tables in each room x 8 rooms for a total 811 Gallons of use per day.

Using the growth medium of 75% coco fiber and 25% perlite we expect to have about 15% water runoff into the sewer system. So, 811 Gallons x 15% equals to 121 Gallons of water drained into the sewer line from the hydroponic related activities; see nutrient mixtures chart below:

Nutrient	**Water Mixture Ratio**
Silica	2ML/Gal
Micro	2.5ML/Gal
Grow	2.5ML/Gal
Bloom	2.5ML/Gal
Mag Amp	2.5ML/Gal
Plant Amp	2.5ML/Gal

We will also use water that is reclaimed from the air conditioner condensation lines, as well as, the dehumidifiers and the 300 Gallons water storage tank that will be located in the shipping and receiving area. Each room will have two Quests 215 dehumidifiers that are able to take up to 215 pints of moisture from the air per day. The dehumidifiers typically only operate during 12 hours during a 24-hour cycle so the amount of water reclaimed is reduced to 107 pints. During the 12-hour day cycles the lights and air conditioners keep the humidity low and in turn the dehumidifiers usually don't turn on. During the 12-hour night cycle the dehumidifiers are working 100%. In total, we expect to reclaim approximately 1,700 pints per day which equals to 212 Gallons. There will also be some additional water from the air conditioners but we are unable to estimate the exact amount reclaimed.

NOTE: We use about ¼ of nutrients recommended by the manufactures because they overstate larger amounts than needed in an attempt to sell you more of the product.

We will also have three toilets, one urinal, three handwashing sinks, one kitchen sink, and two exterior hose bibs. Based on EBMUDs water use charts and occupancy of eight people in the building working during an average business day we expect to use 674 gal of water per day. Toilets: 8 people x 1.6 Gal/Plush x 2.6 Flusher Per Day Equals 33 Gallons. Urinals: 8 people x 1.0 Gal/Plush x 1.25 Flusher Per Day Equals 12 Gallons. Handwashing is .11 per flush so 45-gallon total x .11 equal to 5 gallons per day. another 5 gallons would be added from the kitchen faucet. We also expect to use about 20 gallons of water for exterior irrigation for the front lawn.

Source	Gal Per Day
Indoor Hydroponics	811
Toilets	33
Urinals	12
Handwashing Sinks	5
Kitchen Sink	5
Landscaping	20
Reclaimed Water	-212
Total	**674**

Types of Cannabis Strains

Hidden Farms executives will decide on specific strains at a future date when our cultivation center is up and running. Our selection of strains will be based on a market survey of local dispensaries menus and discussions with aligned dispensary executives, cultivators, MMJ advocates, and medicinal experts. As Hidden Farms is very connected to the MMJ/Cannabis industry with its staff sitting on several MMJ boards and organizations such as California Cannabis Industry Association, California Growers Association, and California MMJ Collectives/Dispensaries we have a well-established network to tap into for updated information. As new cultivation advances are constantly being discovered through numerous products and grow techniques, such as new pesticide free nutrients to air circulation and temperature control systems, we want to ensure that our first and future harvests are award-winning strains that yield high market success.

MMJ/Market Survey to Identify Best Strains

Interviews: Projected that 30 interviews will be held with the following businesses:

1. **Dispensaries:** 10 Executives will be interviewed including mid-management staff and bud tenders to assess customer's likes and dislikes. These include dispensaries in the East Bay as well

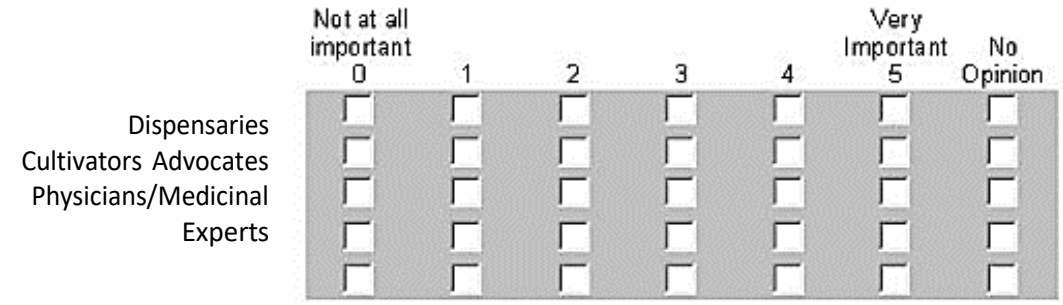
as San Francisco. Dispensaries will be selected that reflect Hayward's socio-economic and ethnic status.

2. **Cultivators:** 10 established cultivators will be interviewed to evaluate their opinions on best cannabis strains to grow. These will include growers to administrators.

3. **MMJ Advocates:** Representatives from MMJ/Cannabis public policy and advocates groups will be interviewed pertaining their understanding of MMJ consumers' needs and the latest cannabis strains that are entering the market.

4. **MMJ Medicinal Experts:** MMJ/Cannabis Medicinal Experts will be interviewed to assess their knowledge of new and "in-development" cannabis strains that are effective in treating a range of health problems.

We will rank these interviews on a 1 to 5 score, compiling critical data for Hidden Farms to select the very best stains to cultivate. Below is an example of our ranking system to determining the best MMJ/Cannabis Strains to cultivate:



KEY INTERVIEW QUESTIONS/CONCERNS:

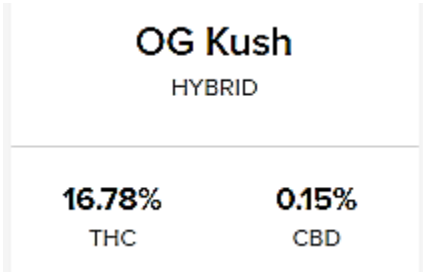
- Defining the Most Effective Strains for Treating Specific Diseases.
- Evaluation of new Stains in Development.
- Defining New Cultivation Strategies to Produce Award-Winning Strains.
- Evaluating Input on Patients Needs and Buying Trends.
- Assessing Retail and Wholesale Price Points to Forecast Gross Revenues**.**

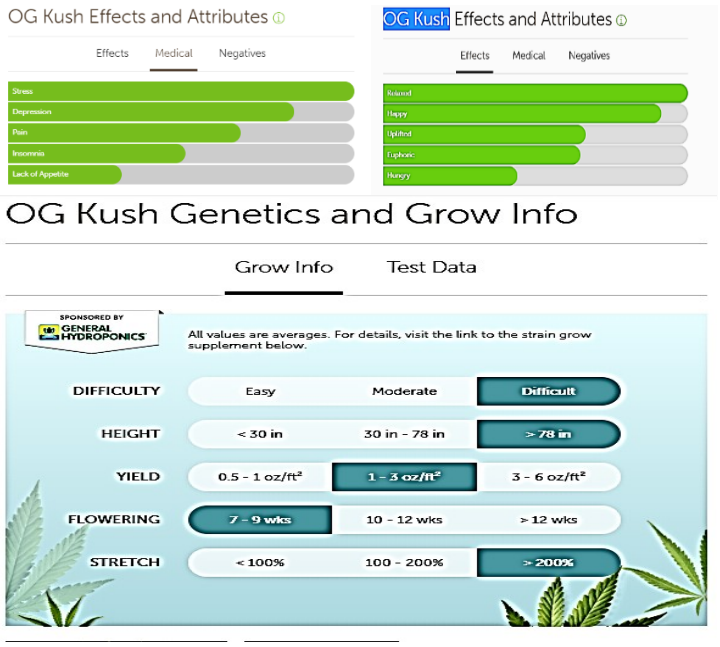
Hidden Farms Established Strain Types

Below are charts of our fundamental strains and data for each strain, including the THC count and other pertinent information.

OG KUSH:

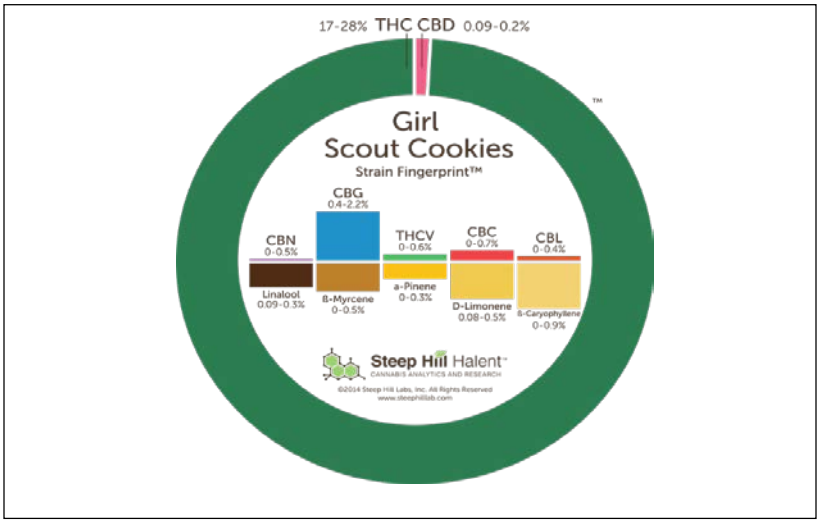
A cross between staple Chemdawg and hardy Hindu Kush landrace, OG Kush stand for: “original gangster,” connotin status as an old-school building block strain; “ocean grown,” in reference to its origin along the California coast which is known for OG Kush’s THC potency between 20% and 25%.





GIRL SCOUT COOKIES:

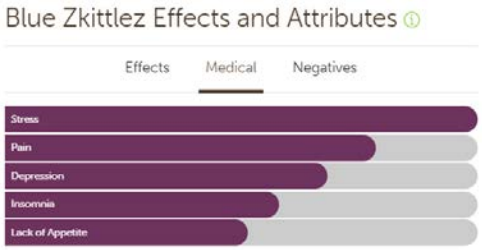
Girl Scout Cookies “GSC” delivers a super euphoric and provides a full body high. This strain has extremely high THC content, originally grown in California, this award-winning strain has spread all over, becoming one of the most popular cannabis strains. GSC provides a level of neuro- productivity, by delivering an energetic an uplifting experience.

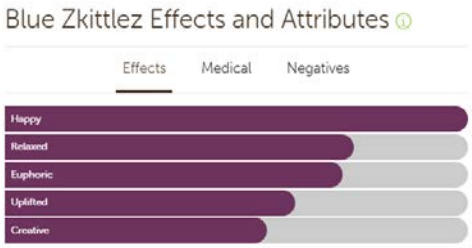


Hidden Farms Other Strains Under Consideration

BLUE ZKITTLEZ:

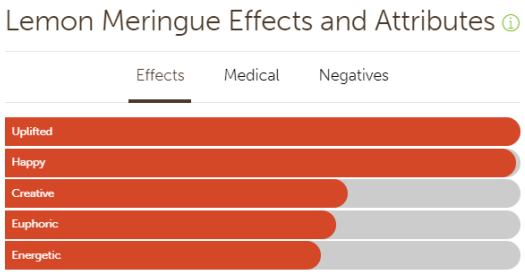
This is an indica-dominant cross of Blue Diamond and Zkittlez, an odoriferous flower delivering a rich flavor of tart citrus, sweet earth, and wildflowers taste. The physical effects of this strain are mellow and moderately sedating, igniting appetite while weighing on the limbs. Its strong physical effects and uplifting mental high.

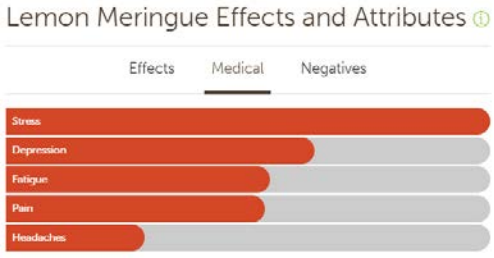




LEMON MERINGUE:

This exotic strain is a sweet, zestful cross of Lemon Skunk and Cookies and Cream. This pungent combo emits a variety of aromas including citrus, diesel, and nuttiness, but at the center of this bouquet is a tart slice of lemon meringue pie with a fat dollop of whipped cream on top. Lemon Meringue offers uplifting mental effects and sativa-driven energy that encourages physical activity.

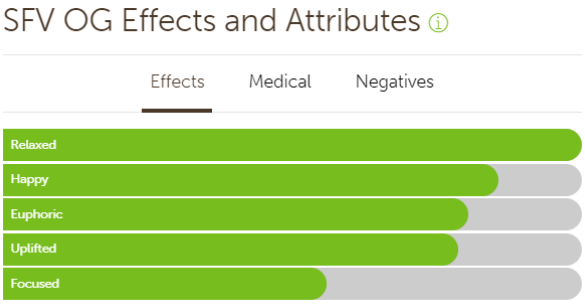


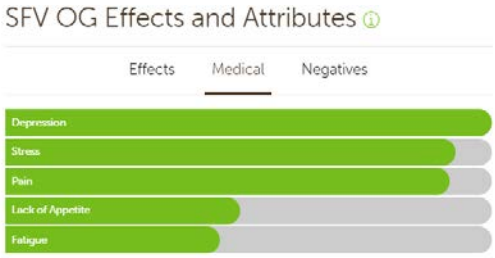


SAN FERNANDO VALLEY (SFV):

This is a sativa-dominant hybrid that is great for patients who need strong pain relief but don't want to be stuck on the couch. As the name indicates, this OG Kush relative originates from California's San Fernando Valley. The flowers stay fairly small with a pine and lemon flavor. this strain is one to save for

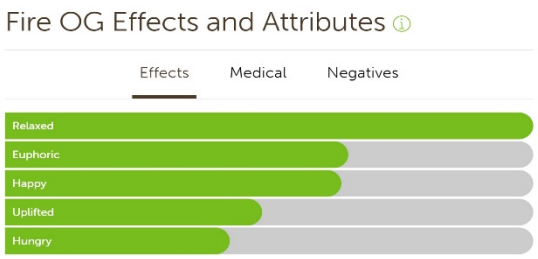
the vaporizer if consuming directly. Its indica body effects take longer to feel than the initial head haziness.

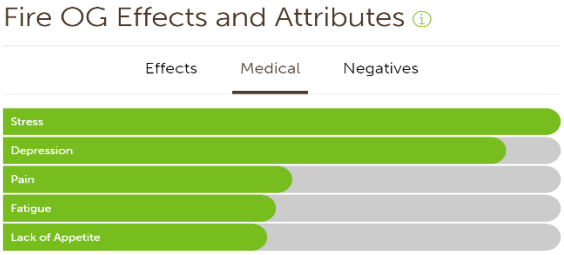




SFV CROSSED WITH FIRE OG:

Known for being one of the strongest of the OG strains, Fire OG has a strong scent similar to Lemon Pledge and an effect that can last up to 3 hours. With parents of OG Kush and San Fernando Valley OG Kush F3, the THC can be up to 20% with a CBD of 0.36%. The plant has frost covered nuggets with red hairs.





Distribution Providers that Serve the Facility

Hidden Farms will adhere to MAUCRSA framework for how businesses within the legal cannabis industry should operate and interact with each other. Given the new requirements of cultivating cannabis that must be transferred to a licensed distributor or a licensed concentrate product manufacturer, Hidden Farms has identified California licensed distributors, as detailed below. These licensed distributors conduct quality assurance/control processes as well as facilitating testing with an independent licensed cannabis laboratory prior to transporting retail-packaged products to licensed cannabis retailers.

Until Hidden Farms applies for a Distribution License, Hidden Farms will use a licensed Transporter to deliver our product to a licensed Distributor that will test and package our products. This Distributor will use their licensed transport company to deliver our product only to licensed dispensaries and delivery companies. However, Hidden Farms expects by 2020 we will have secured a license that will allow us to sell cannabis directly to the licensed retail businesses in bulk. We will adhere to the State's 2018 cannabis regulations that require products to be tested and packaged before they are transported to a retail store or delivery service via a licensed Distributor (Licensed C).

Pending approval of our State Temporary license we understand and adhere to not having access to the CCTT system. We will hardcopy documents at all transfers of cannabis and cannabis products and will make this documentation available to any state or local law enforcement officer upon request. We will also maintain a shipping manifest documenting every transport of our cannabis goods.

Currently we are scheduling interviews with 3 California Distribution Transport Companies as defined below:

Cannabis Distribution Transport Companies

39	A13-18-0000036-TEMP	Adult-Use	ARMCO II, LLC	Chronic Creek	Active	12/12/2018	Limited Liability Company	Oakland	7074076949
40	A13-18-0000014-TEMP	Adult-Use	ASES Inc	Potter Valley Farm	Active	12/11/2018	Corporation	OAKLAND	7077434224
41	C13-18-0000011-TEMP	Adult-Use	Malama The Roots LLC	malama the roots	Active	12/11/2018		Oakland	8085575066

Distribution Companies

We have identified the following Distribution Companies that will be responsible for our lab testing and packaging. All are licensed and we are currently setting meetings. We are considering engaging 2 to 3 licensed distribution companies.

237	M11-18-0000070-TEMP	Adult-Use Medicinal	CANN DISTRIBUTORS, INC.		Active	1/30/2019	Corporation	OAKLAND	5104099543
238	A11-17-0000018-TEMP	Adult-Use Medicinal	Black Oak Gallery		Active	1/26/2019	Corporation	OAKLAND	7074776790
239	A11-17-0000013-TEMP	Adult-Use Medicinal	COMMUNITY GARDENS, INC.		Active	1/26/2019	General Partnership	OAKLAND	5103382250
240	C11-18-0000117-TEMP	Adult-Use	MARKVISION BIOTECH INC.		Active	1/25/2019	Corporation	OAKLAND	5104681183
241	C11-18-0000119-TEMP	Adult-Use Medicinal	California Positive Distribution LLC	California Positive	Active	1/25/2019	Limited Liability Company	Oakland	9167400509
242	C11-18-0000121-TEMP	Adult-Use Medicinal	Purity Analytics, LLC		Active	1/25/2019	Limited Liability Company	OAKLAND	5108152512
243	C11-18-0000116-TEMP	Adult-Use Medicinal	5 STAR MEDICAL PARTNERS, INC.	5 Star Distribution	Active	1/19/2019	Corporation	Oakland	9257853716

Projected Distribution Delivery Schedules

Below is a chart of our anticipated Delivery Schedules:

DISTRIBUTION PROJECTED DELIVERY SCHEDULES

DISTRIBUTION TRANSP OUTBOUND	Weekly	15 days	30 Days/Monthly	Quarterly/3 Months
Harvest Cannabis Flower in Bulk			X	
Shake for Oil in Bulk				X
Keif in Bulk (After First Harvest)			X	
Waste Management Transport	X			
DISTRIBUTION LAB TESTING				
Afer First Harvest Cycle is Complete				
Product Testing	X			
Product Weight Verification	X			
Product Break down	X			
Product Packaging		X		
TRANSPORT DISTRIBUTOR TO RETAIL OUTLETS		X		

Management Experience

Our key executive overseeing Hidden Farms management structure and operations and personnel include two veteran professionals with 35 years combined experience in this type of industry. As well as one key executive who has 16 years in MMJ/Cannabis production, operation and equipment.

Ryan Melchiano will utilize his vast experience of business development to establish Hidden Farms, Inc.'s MMJ cultivation and distribution business. He has an in-depth understanding of the MMJ cultivation and distribution including the required facility requirements and state-of-the-art manufacturing equipment and automation technologies specific to large-scale cannabis cultivation. He, in addition, has a working knowledge of the various state, county and city regulations and requirements related to cannabis manufacturing and cultivation including strategic leadership and business development, superior project management, operational knowledge, and various other skills such as staffing, contract negotiation, and client relationships. Ryan has also worked, owned and operated numerous successful and prestigious alcohol related business in the bay area.

David Tsuei will be utilizing his wealth of operational experience toward developing and implementing various processes in the cannabis manufacturing and cultivation business. He has vast understanding of the manufacturing and as it relates to the various operations required to operate a successful business. He specifically has a great deal of experience in security operations as they relate to logistics, distribution, shipping, and other operations that are critical to the cannabis business including strategic leadership and business development, superior project management, operational knowledge and various other skills such as staffing, contract negotiation and client relationships.

Marco Stark-Falcone is a seasoned cannabis cultivator with 16 plus years' experience. He is highly skilled in all areas of cultivation from seedling/clone to dried plant. Marco has managed and staff members to raise an exceptional crop and seamlessly produce a sellable product. He has an excellent reputation in the cannabis community for quality, potency, taste, appearance, performance and component balance.

Below is a summary of these 3 executive's management skills:

- **Strong Budget Management:** Ability to control multi-million-dollar budgets implementing cash-control, account payable, and quarterly to annual reporting software.
- **Personnel Recruitment and Supervision:** responsible for hiring and supervising large scale staff from 5 to 25 employees including knowledge of California hiring laws, employment training, benefits and taxation.
- **Long Range Planning:** experience in strategic planning setting benchmarks and meeting short and long-term goals.
- **Accounting:** Experience in fund accounting controlling multi-tier budgets with restricted and un-restricted funds. Ability to control overhead and indirect expenses and meet quarterly net goals. Extensive financial tracking and management background.
- **Computer Networking:** Experience setting up businesses networks ensuring sound firewalls and data security systems.
- **Leadership:** Aptitude and experience coordinating board of directors and providing executive leadership.

• **Networking, Advocacy and Community Relations:** Sound experience as a community liaison and implementing public relations campaigns on a local and state level.

Management experience in Hayward

Although, the key management individuals do not have “direct” business experience in the Hayward area, they do have similar experience in many adjacent cities to Hayward and in the State of California. They will be utilizing their management and leadership skills including business development, superior project management, operational knowledge, and various other skills such as staffing, contract negotiation, and client relationships in this Hayward location. To foster Hidden Farms key executive’s contacts with Hayward’s business community, several will become involved with Hayward’s Chamber of Commerce and other business and community groups accepting of MMJ/Cannabis businesses.

Photo of the existing landscaping

Additional communication with Jay Lee, the previous Planner assigned to our CUP, and Michelle Koo, the City Landscaping Architect, provided us with further clarification on 4/12/2019. Based on their comments we hired a landscape architect firm. Pedersen Associates then drew up landscaping plans that have been reviewed by Michell Koo on 5/1/2019 Via email communication. Plans L-1.0, L-2.0, L-2.1 have been created and attached to the CUP resubmission plan set.

Aerial Photo of Building

Community Benefits Proposal

Hidden Farms, Inc. has designated Sergey Gorokhovsky, Director of Operations as the executive responsible for overseeing Community Benefits. He will act as the community liaison until a permanent and backup liaison is recruited, trained, and in position.

Our Community Benefit goals, once our business is operational, is to open a new Project Wreckless program in Hayward. In summary, this is an interactive program with underserved youth using a car that they will rebuilt as a team. In order to be successful, we intend to partner with local schools and police, community residents, and interested nonprofit organizations to gather support and organizational assistance to create the Project Wreckless program.

Our plan is to create a peer review team comprised of a handful (4-6 team members) of the organizers to evaluate the program to determine best practices, opportunities for improvement, and metrics that can be viewed and evaluated regularly. Initially, the metrics that will be processed are the following:

- % of participants who complete their GED or obtain a high school diploma
- % of participants who started the program actually completed the program
- % of participants who become mentors
- Evaluations from mentors, teachers for each participant and recommendations.

Following examination and discussion by the peer review team, the metrics may be adjusted to provide a clearer picture of the success and possible improvements of the program.

Project Wreckless Community Benefits Activities

We are planning the following community benefit activities for first year of operation:

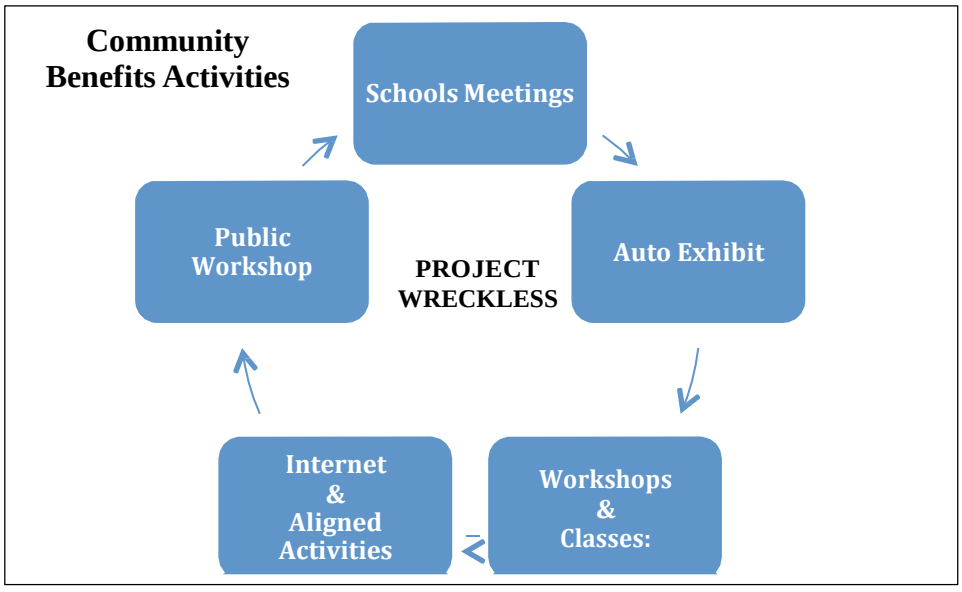
1. **Community Schools Meetings:** We plan to meet with staff from schools who serve predominately "under-served" youth. These students, ages 12 to 17 may have a substance abuse problem or a criminal background. Targeted schools are Brenkwitz Continuation High School, Mt. Eden High School, Tennyson High School, as well as Hayward High School.

2. **First Public Workshop:** To generate support and interest of Project Wreckless, we will hold a demonstration in up to 3 Hayward Malls and Community Agencies. The workshop will demonstrate a fun-oriented approach to working on a car.

3. **Ongoing Workshops/Classes:** We plan to hold 5 workshops and ongoing classes that will involve close to 40 under-served youth who will learn valuable auto mechanic skills and team work strategies that foster peer collaboration and cooperation.

4. **Auto Exhibit:** We will hold the final exhibition of student's cars at a central location to draw community support in helping Hayward's under-served youth.

5. **Internet and Aligned Activities:** We are planning to create a Project Wreckless Hayward website that will have an interactive learning platform. Students can log in and have their own portfolio/pages for storing drawings and links to educational videos.



In addition, we have reached out to all of our immediate surrounding neighbors and have introduced ourselves in person. We went around and answered any questions and addressed any concerns that came up. The most common concerns were related to security and odor. We have been successful in calming these concerns with all neighbors, except one who we cannot get a hold of. We want to be proactive in our community and show are neighbors that we understand their concerns and we are

invested in this community as much as they are. We also left an informational flyer (now included in our CUP) with all neighbors with more detailed information about our operation and contact information should they need anything else. Overall, we feel that the meet and greet was fairly successful and we look forward to building relationships with our neighbors.

Noise Reduction

Hidden Farms will be evaluating all their processes to determine whether the noise created from our business needs to be reduced. As we are a cultivation business, our work is fairly quiet and there will be no public storefront or public access. On a regular basis the maintenance staff will be replacing or adjusting worn or loose parts, balancing unbalanced equipment, lubricating moving parts and making sure all equipment is operating as specified to ensure this noise level is at its lowest decimal.

Through evaluation of maintaining the entire manufacturing process and equipment, the maintenance department will determine whether noise control is an issue with materials, equipment, equipment parts, or possibly a change in work methods. As noise reduction issues are identified, the maintenance department must communicate to management their recommendations to reduce noise. Management is then responsible for acting appropriately to reduce noise in their facility and processes such that it will not affect nearby entities and internally as well.

When we commence with building the interior of our cultivation complex we will schedule contractors (carpenters, plumbers, and electricians etc.) at normal work-day hours, Monday- Friday from 9am to 5pm. This will minimize long-term noise impacts on existing residents.

We will continue to require a review and analysis of noise-related impacts as part of our forthcoming move-in and our required build-out plans. We will be sensitive to a careful layout of noise-sensitive spaces in our interior layout such as keeping the bathroom a far distance from our board room. We will also use noise barrier walls to reduce noise levels from ground transportation noise sources and between our cultivation rooms and offices. All our activities associated with the cultivation of medical cannabis shall not exceed the noise level standards as set forth by both the City and State.

Traffic Mitigation

Hidden Farms, Inc. will be partnering with Hayward and the State of California to mitigate traffic issues related to their site located at 3166 Diablo Ave. Hayward, CA 94545. Hidden Farms will minimize their material deliveries and delivery of product from our facility. We will coordinate our deliveries of product and deliveries of materials to produce the product in a manner that reduces the time to market. We attempt to reduce the traffic via a controlled schedule of deliveries and shipments of product such that it minimizes the amount of traffic associated with deliveries and shipments.

We, in addition, will be implementing a program internally whereby our employees will be utilizing alternative transportation to get to work and even to complete the necessary evaluations required by the State of California. This includes car sharing, BART and bicycle. In our employee training sessions and meetings, we will update or employees about new and upcoming transportation opportunities. For our administrative staff we encourage telecommute options for select personnel. Unfortunately, we cannot extend this to our cultivating staff.

Labor and Employment Practices

Hidden Farms, Inc. has plans to utilize a variety of modes of identifying potential candidates for various positions in Hidden Farms. The modes of identifying potential employees are as follows:

1. **Hayward employment agencies that specialize in identifying and hiring MMJ employees.**

   Most likely the Hayward employment agencies will be the major source of identifying employees for our company. We will closely work with them to provide job descriptions, information about our company, and the many benefits we will provide employees to enhance a seamless process between our company and the employment agency.

2. **Job Fairs**

   Although Hidden Farms will be using Hayward employment agencies almost exclusively, if job fairs are being held in Hayward we certainly will be participating in them in order to provide more visibility for prospective employees to observe our company, operations and various benefits.

3. **Employee Referrals**

   Hidden Farms will, in addition, accept employee referrals since we realize that good employees may know someone who would be a good fit for our company and assist us to become a success like they have.

4. **Use of Various Job Boards**

   We will be using various job boards, such as Indeed, as an alternative to employment agencies. We will only use this mode sparingly depending on the success of the employment agencies to identify qualified employees for our company.

5. **MMJ/Cannabis Job Boards and Referral Agencies**

   We will utilize cannabis job employment firms that recruit MMJ/Cannabis staffing (Growers to administrators) to fit the employment needs of this industry. This includes Ganjapreneur, THC Staffing and Hemp Staff MMJ/Cannabis staffing agencies.

Our target is to identify and employee individuals exclusively from the Hayward area. Our goal is 100% such that we can provide some impact to increase employment in the Hayward area. We plan to utilize as much of the talent located in the Hayward area, however, if we have a highly specialized position that has no qualified employees in the Hayward area, we will certainly utilize the Hayward employment agencies to identify a qualified employee as close to Hayward as possible.

Living Wage

Hidden Farms, Inc. will be utilizing the Living Wage Calculator as documented in the "Counties and Metropolitan Statistical Areas in California as shown on the website Living Wage Calculator. Specifically, Hidden Farms will comply with the living wage concept as it is documented for San Francisco-Oakland-Hayward, CA.

The living wage model as shown in the documented wages for San Francisco-Oakland-Hayward displays hourly wages for living wage, poverty wage, and minimum wage. Each category is divided into several

different individual/family scenarios with a wage for each one. For example, the hourly wage for one (1) adult and one (1) adult and one (1) child is the following:

	One (1) Adult	One (1) Adult/One (1) Child
Living Wage	$17.76	$35.64
Poverty Wage	$5.00	$7.00
Minimum Wage	$11.00	$11.00

Note: The hourly wages as shown above including additional categories can be obtained by clicking on the website as shown above.

The typical wage levels for all levels of employment are follows:

Work Level	Typical Annual Salary
Management	$100,000
Business & Financial Operations	$89,667
Protective Service	$45,896
Sales	$59,924
Office & Administrative Support	$48,339
Installation, Maintenance, & Repair	$50,055
Production	$40,212
Transportation & Material Moving	$39,474

HR Policies, including provision of Workers Compensation insurance and equal benefits for domestic partners.

Hidden Farm, Inc.'s HR policies are in essence a practical collection of laws, regulations and requirements. Essentially, the HR policies can be itemized into three basic requirements:

1. Creation and maintenance of three specific employee files
2. Publication of an employee handbook with certain policies
3. Posting of required stated and federal notices

Employee Files

There will be three separate employee files that need to be a part of our HR program. They are I-9 file, Employee File, and Employee Medical File.

1. **Form I-9 Employment Eligibility Verification**

Each employee will have the required I-9 Form completed in their Employment File.

2. Employee File

All employees will have a separate file created and maintained for them. The file will have an array of information in it such as:

a. Resumes and employment applications
b. Offer letters, employment agreements and/or contracts
c. Payroll information
d. Basic employment data including W-4's
e. Information about participation in benefit programs
f. Awards, recognition, or disciplinary documents
g. Performance evaluations
h. Termination documentation and exit interview information

3. Employee Medical File

All employees will have a medical file created and maintained for them included in their employee file. The file will have an array of information in it such as, if applicable:

a. Applications for insurance
b. Notes from doctors excusing an employee from work
c. Medical examination information
d. Information related disability

Employee Handbook with Company Policies

Our employee handbook will be the centerpiece of our HR program. The employee handbook will explain Hidden Farms policies and procedures and communicate expectations to employees. The following policies will be included in the employee handbook:

A. Employment in General

a. Introductory Statement and Purpose of the Handbook
b. Equal Opportunity Policy
c. New Hire Policy
d. Policy Against Harassment and Discrimination
e. Open Door Policy
f. Confidential Information Policy
g. Computer Use Policy
h. Social Media Policy
i. Employment at Will
j. Immigration Law Compliance
k. Employment Categories
l. Work Hours
m. Alcohol and Drug Policy
n. Personal Appearance Policy
o. Return of Property Policy
p. Solicitation Policy

B. Timekeeping and Payroll

a. Timekeeping Procedures
b. Paydays
c. Pay Deductions

C. Work Conditions

a. Violence in the Workplace
b. Workplace Safety
c. Drug Free Workplace Policy
d. Employment Conduct and Disciplinary Action

D. Benefits

a. Sick Leave
b. Personal Leave
c. Vacation
d. Holidays
e. Bereavement Leave
f. Jury Duty Leave
g. Military Leave
h. Maternity/Paternity Leave
i. Insurance
j. Worker's Compensation Insurance
k. Healthcare Continuation
l. 401k
m. Business Expense Reimbursement
n. Equal Benefits for Domestic Partners

Posting of Required Notices

Hidden Farms, Inc. will post all required notices from both the State of California and the Federal Government. The HR department is responsible for maintaining these postings as they are updated and/or changed.