



## PLANNING COMMISSION STAFF REPORT

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<b>DATE:</b>	June 15, 2022
<b>APPLICATION NO:</b>	Central California Greens Conditional Use Permit No. CUP-22-58 and Development Agreement No. DA-22-81
<b>LOCATION:</b>	16925 S. Harlan Road, Suite 103 Lathrop, CA 95330 APN: 198-210-10
<b>REQUEST:</b>	Planning Commission to Consider Adoption of Resolutions Recommending City Council Approval of the Central California Greens Project. The Project Includes a Conditional Use Permit and Development Agreement to Permit Operation of a Cannabis Dispensary and Delivery in an Existing Multi-Tenant Retail Building.

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<b>APPLICANT:</b>	Central California Greens, INC. Attn: Mr. Donald Jimenez 6333 Pacific Avenue, Unit 185 Stockton, CA 95207
<b>PROPERTY OWNER:</b>	Mr. Kulwant Sran 628 Giant Way San Jose, CA 95127
<b>GENERAL PLAN:</b>	FC, Freeway Commercial
<b>ZONING:</b>	CH, Highway Commercial
<b>CEQA STATUS:</b>	Categorically Exempt According to the California Environmental Quality Act (CEQA) Article 19 § 15301 Class 1 "Existing Facilities".

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### SUMMARY:

The applicant is requesting approval of a Conditional Use Permit (CUP) and Development Agreement (DA) to occupy an approximately 2,000 square foot tenant space for a retail cannabis dispensary and delivery facility within an existing multi-tenant building on a 0.83-acre site. Specifically, the cannabis dispensary will be located on the 1<sup>st</sup> floor of the High 5 Plaza Building located on South Harlan Road. The proposed project also includes a DA to establish terms related to the operation of the business.

The City and the applicant will enter into a development agreement to establish certain development conditions such as vested land use rights and programs that benefits the City.

Staff recommends the Planning Commission adopt Resolutions recommending City Council approval of the Central California Greens Conditional Use Permit and Development Agreement, subject to the attached Conditions of Approval.

**SITE DESCRIPTION:**

The project is located in the existing multi-tenant High 5 Plaza located on Harlan Road. The High 5 Plaza Commercial/Office Building was approved by the Planning Division via Development Plan Review Permit No. DP-06-162 on April 20, 2007. The approval allowed for the construction of a three-story 11,600 sq. ft. commercial/office building with associated site improvements including but not limited to paving, landscaping, lighting, and curb, gutter and sidewalk. A total of fifty (50) off-street parking spaces were provided, meeting the required number of off-street parking spaces per the Lathrop Municipal Code (LMC) and the Crossroads Commerce Center requirements.

The project site is bounded by existing commercial and retail uses to the north (Quality Inn & Suites and Shell); Taco Bell to the east; Lathrop Business Park to the south; and Popeye's Louisiana Kitchen and Denny's to the west. The proposed commercial cannabis dispensary will be located in Suite 103 which is on the first floor, adjacent to an existing restaurant (Taco House Mexican Grill).

The site is currently fully developed with existing building, parking lot, driveway and landscaping. The property has a General Plan Land Use Designation of FC, Freeway Commercial and is within the CH, Highway Commercial Zoning District.

**BACKGROUND:**

On November 8, 2021, City Council introduced an Ordinance to amend the LMC to establish cannabis regulations and approved merit-based criteria for scoring commercial cannabis applications pursuant to Resolution No. 21-4983.

On December 13, 2021, Ordinance No. 21-428 was passed and adopted, thereby amending the LMC to allow regulation of commercial cannabis business operations within the City.

On February 14, 2022, City Council approved the issuance of a retail cannabis dispensary request for proposal (RFP) with a response deadline of 6:00 p.m. on March 8, 2022.

Council also approved a revised merit-based selection criteria and appeal procedures for the selection and subsequent application steps for the potential establishment of a commercial cannabis retail dispensary business within the City of Lathrop. The RFP was posted on the City of Lathrop website on February 15, 2022.

On March 14, 2022, City Council was presented with one (1) timely response to the RFP from Central California Greens, and subsequently selected Central California Greens to proceed to the application process to establish a commercial cannabis retail dispensary.

On April 18, 2022, Staff received an Application and Plans from Central California Greens for a Conditional Use Permit (CUP-22-58).

On May 2, 2022, City Council provided direction on the terms of the Draft Development Agreement between the City and Central California Greens specific to the percentage of gross receipt sales.

**ANALYSIS:**

Project Description

As discussed above, the proposed project will occupy an approximately 2,000 square foot tenant space on the 1<sup>st</sup> floor of the High 5 Plaza Building to be used as a retail cannabis business and delivery facility. The existing building is located on a fully developed 0.83-acre site with existing off-street parking and landscaping. The cannabis retail dispensary will be located on the 1<sup>st</sup> floor in the east portion of the building (Suite 103). The existing structure is a three-story 11,600 sq. ft. commercial building. The structure has a flat roof with stucco siding, and glass doors and windows. The interior of the building includes suites on the east and west side of the building, with a common hallway with restrooms, stairway access, maintenance room, and an elevator.

The existing site includes a total of fifty (50) off-street parking spaces, including two (2) accessible parking spaces, meeting the off-street parking requirement for commercial retail and office. The project site also has an existing trash enclosure, located at the northeast portion of the site. Access to the site is provided via E. Louise Avenue (shared private drive) and S. Harlan Road. No additional site improvements are necessary to serve the proposed project.

As required by State law, the cannabis retail dispensary project site is located outside of the required 600-foot buffer area from sensitive uses (e.g., daycares, schools, and youth facilities). In addition, the project site is located outside of the 1,000-foot buffer, measured from the centerline of the street, from Spartan Way and Lathrop Road and Golden Valley Parkway, as required by Section 5.26.080, *Location and minimum proximity requirements*, in the LMC.

The interior of the proposed suite area consists of an outdoor check-in area, secure sales floor, safe room, storage area and office. The primary entrance is provided via the outdoor check-in area, where customers will be screened before being let into the secure sales area. Future proposed signage will be subject to Master Sign Program No. MSP-08-70.

Customers will stand in line within a fenced area at the customer entrance on the east end of the building. The fenced area will hold a maximum of 25 people, or as otherwise determined by the Building Division. The existing entrances to this tenant space that would access the common hallway down the center of the building will be closed and walled.

No one will be admitted into the sales area without security first verifying they are the minimum age under State law to enter the premises as an Adult Uses or Medical patient. The Floor Plan is attached to this Staff Report as Attachment 5.

### Hours of Operation

The proposed cannabis retail dispensary hours of operation are 8:00 a.m. to 9:00 p.m. daily. The cannabis retail dispensary will be staffed by a morning-shift and evening-shift. A total of nine (9) employees are anticipated for this business. Per the Business Plan (Attachment 3), the dispensary will operate as follows:

- Morning-shift personnel open the facility for non-public operations at 7:00 a.m.
- From 7:00 a.m. to 8:00 p.m., the morning-shift personnel stage cannabis goods for display and ultimate retail sale.
- Morning-shift personnel open the facility for public operations at 8:00 a.m.
- From 8:00 a.m. to 9:00 p.m., the facility is open to the public and customers may engage in the retail purchase of cannabis goods.
- Evening-shift personnel close the facility and customer delivery service for non-public operations at 9:00 a.m.
- From 9:00 p.m. to 10:00 p.m., evening-shift personnel finalize and log transactions from the day in accordance with record-keeping policies. A visual inspection is conducted for all cannabis remaining on display. If discrepancies are found, it will trigger an audit and if needed, a full inventory reconciliation.

### Security

The proposed project will be staffed with one (1) armed security guard at all times. An additional armed security guard will be present during the delivery of cannabis products to the store (discussed further below). As noted above, the outdoor check-in will be used to screen customers before entering the secured sales floor area. At least one (1) employee will always be physically present on the sales floor area when any non-employee is on the sales floor area. The number of customers will not exceed twice the number of employees at any given time. An employee roster will be maintained and transmitted to Police on a monthly basis.

The proposed project includes indoor and outdoor security cameras and are monitored by an off-site 3<sup>rd</sup> party vendor. The camera footage will be made available to the City as conditioned. The primary entrance is accessed via the outdoor check-in area, where customers will be screened before being let into the secure sales area. The existing entrances from the common hallway will be closed and walled. No person will be admitted to the sales area without first verifying the minimum age under State law to enter the premises as Adult Use or Medical patient, as necessary.

All cannabis goods are delivered in finished form (pre-packaged) and stored in a completely enclosed and alarmed secured product storage area designed to control temperature and humidity and prevent the entry of environmental contaminants such as smoke and dust. The secured area is alarmed and locked with limited access by employees (e.g., managers with a key fob).

The City has reviewed the Business Plan and Security Plan for the proposed project.



Delivery of Cannabis Products to Store

The proposed project anticipates that cannabis products will be delivered to the store by licensed distributors (vendors) one (1) to four (4) times a week. According to the Business Plan, Central California Greens will enter into distribution agreements with the Bureau of Cannabis Control (BCC) licensed distributors for the procurement of cannabis goods. Deliveries are anticipated to take place when customer flow is slowest. Per BCC regulations, no shipment of goods may occur before 6:00 am and after 10:00 pm. The delivery of goods is anticipated to be in a locked crate and will be monitored by a security guard, with an additional security guard on site during delivery times (total of two (2)).

Delivery of Cannabis Products to Customers

Delivery of cannabis products will be conducted during the hours of operation of the cannabis retail storefront (8:00 am to 10:00 pm). However, if the residential property is located within 600 feet of a public or private K-12 school, the delivery will not take place until after 3:00 pm if it is a weekday. All cannabis goods are stored in the trunk of the vehicle or within a locked fully enclosed cage that will be bolted to the vehicle for security and cannabis goods from not visible to the public.

Delivery employees will store all cash while in delivery mode in a safe bolted to the vehicle with access through a keypad. The safe will be within the cage where cannabis goods are stored. All cash collected deliveries will be put directly into the safe.

According to the applicant, it is anticipated that two (2) delivery drivers will be hired for the proposed project. Central California Greens will provide the City details of the vehicles, which includes vehicle make, model, color, VIN, and license plate number.

Odor Management

Odors are most commonly associated with unpackaged flower. Therefore, the products are kept tightly sealed bags within rooms with filtration systems. Cannabis products arrive sealed in final form packaging and are stored in airtight containers with adequate filtration. Displays are kept in scent controlled devices, which also minimizes airflow and transmission of odor.

Conditional Use Permit

The proposed cannabis retail dispensary is listed as a conditionally permitted use in Chapter 17.18, *Cannabis Activities*, Section 17.18.040, *Commercial cannabis – Use table* in the CH, Commercial Highway Zoning District. Additionally, the cannabis retail dispensary shall comply with the regulations in Chapter 5.26, *Commercial Cannabis Regulations*. Specifically, Section 5.26.090, *Cannabis dispensaries* include regulations for cannabis retail dispensaries.

In consideration of the CUP, the Planning Commission must make the findings contained in Section 17.112.060, A of the Lathrop Municipal Code (LMC). The findings are re-stated below:

1. The granting of a use permit for the proposed use is necessary for the preservation and enjoyment of a substantial property right.

*Pursuant to Chapter 17.18, Cannabis Activities, in the LMC, Cannabis Dispensary is a Permitted Use upon Approval of a Conditional Use Permit. The proposed project will occupy an approximately 2,000 square foot tenant space to be used as a retail cannabis business and delivery facility within an existing building on a 0.83-acre site. The Cannabis Dispensary is also required to adhere to the provisions in Chapter 5.26, Commercial Cannabis Regulations.*

2. The location of the proposed use is consistent with the objectives of the zoning code and the purpose of the district in which the site is located.

*As noted above, the proposed use is consistent with Chapter 17.18, Cannabis Activities in the LMC, where the use "Cannabis Dispensary" is a Permitted Use upon Approval of a Conditional Use Permit. The property is located within the CH, Highway Commercial Zoning District and development of the multi-tenant retail/office building was approved by Planning Commission on April 20, 2007. The proposed use would occupy an existing tenant space (Suite 103) in the building. Furthermore, on- and off-site improvements are complete, including but not limited to paving, lighting, landscaping, off-street parking, and curb, gutter and sidewalk. As such, the location of the proposed use is consistent with the Zoning Code and the purpose of the District in which it is located. As required by State law, the cannabis retail dispensary project site is located outside of the required 600-foot buffer area from sensitive uses (e.g., daycares, schools, and youth facilities). In addition, the project site is located outside of the 1,000-foot buffer, measured from the centerline of the street, from Spartan Way and Lathrop Road and Golden Valley Parkway, as required by Section 5.26.080, Location and minimum proximity requirements, in the LMC.*

3. The proposed use will comply with each of the applicable provisions of Chapter 17.112 of the LMC.

*The proposed use complies with the applicable provisions in Chapter 17.112, including Conditions of Approval necessary to protect the public health, safety and general welfare. Additionally, the City has reviewed the applicant's Business Plan which includes provisions for security, consistency with applicable State law, odor mitigation, hours of operation, operation protocols, and delivery procedures. The Conditions of Approval address Planning, Building, Public Works and Police and Fire Department requirements.*

Development Agreement

The proposed Development Agreement between the City of Lathrop and Central California Greens, Inc. will establish terms related to the operation of the business. Specifically, the Development Agreement will establish the following:

- An Advanced Payment of \$79,165.50 to be paid within sixty (60) days of the Effective Date of the Development Agreement.
- A 2% of gross receipts from online orders and delivery sales and a 5% fee on onsite retail sales.

The Fee may be appropriated for any lawful purpose in the discretion of the City Council and may be devoted to 1) drug awareness programs; 2) recreational programs; 3) public safety programs; and 4) programs to address food insecurity and hunger in the City. The Draft Development Agreement is Attached to this Staff Report as Attachment 6.

General Plan and Zoning Consistency

As currently designed and conditioned, the project is a reasonable request that is consistent with the goals and policies of the General Plan and will comply with the requirements of the Zoning Ordinance. The proposed project is consistent with the following General Plan Goals and Policies:

Goal No. 1 – Balancing the Social and Economic Costs and Benefits of Urbanization

General - Policy 1. The City's ability to stay abreast of its financial and service capabilities will require continuous monitoring. Once a system is in place, it will be relatively easy to identify current conditions and to estimate the probable impacts of new development proposals. Rather than adhering to an arbitrarily fixed percentage of annual growth as a matter of policy, it will be the City's responsibility to manage the growth rate in relation to physical and financial capability of municipal service while being consistent with all applicable policies and proposals of the General Plan.

Commercial Development - Policy 1. Areas having early potential for retail and highway commercial development primarily involve lands located at the easterly quadrants of the Lathrop Road and Louise Avenue interchanges with I-5. The largest commercial project being considered in the short term is a Factory Stores center proposed at the southeast quadrant of the Louise Avenue interchange.

Commercial Development - Policy 4. Proposals for the classifications of retail activity described in Part IV-A of the Plan are to be considered as offering flexibility for ingenuity and innovation in the selection, promotion, design and development of commercial centers and uses.

Goal No. 2 – Equal Opportunity

Policy 1. The City intends that positive benefits accrue to the community as a whole, through programs which maximize the potential of local residents to obtain jobs, assuming adequate training and personal characteristics. Contracts will be sought with employers of commercial and industrial establishments which will ensure the opportunity for employing qualified local residents.

Goal No. 4 – Quality in the Form, Design and Functions of the Urban Area:

Commercial and Industrial Areas - Policy 2. The visual interface between commercial/industrial areas and residential areas shall be designed and developed so as to avoid obtrusive visual impacts of commercial or industrial activities on nearby residential areas.

Goal No. 8 – Public Safety Hazards:

Policy 1. The City will continue to give high priority to the support of police protection, and to fire suppression and prevention and life safety functions of the Lathrop-Manteca Fire District. Ultimate expansion of the City's fire service is to include additional stations affording adequate response within a maximum of 3-4 minutes to all parts of the urban area.

Conditions of Approval

Planning staff routed the project plans on April 28, 2022 to the Building Division, Public Works Department, Lathrop-Manteca Fire District, and Lathrop Police Services to ensure compliance with applicable codes and regulations. Planning staff conducted a Development Review Committee (DRC) meeting with the applicant and the various City Departments on May 12, 2022 to discuss the proposed project. As a result, staff developed a consolidated list of conditions. Staff finds that the proposed project has been properly conditioned to meet the City's standards and requirements.

Public Notice

A Notice of Public Hearing was advertised in the Manteca Bulletin and email notification sent to Public Hearing subscribers on June 2, 2022. Staff also mailed the public hearing notice on June 2, 2022 to notify property owners located within a 300-foot radius from the subject property. In addition, the meeting agenda was posted at the Council Chambers bulletin board and three (3) other locations accessible to the public. The agenda is also posted to the City's website. As of the writing of this report, no comments were received in favor or against the proposed project.

**CEQA REVIEW:**

Categorically Exempt According to the California Environmental Quality Act (CEQA) Article 19 § 15301 Class 1 “Existing Facilities”. The proposed project includes a Conditional Use Permit and Development Agreement to operate a cannabis dispensary on the 1<sup>st</sup> floor of the High 5 Plaza, an existing multi-tenant retail building on a 0.83-acre parcel on Harlan Road. The proposed project is located within an existing facility and will involve tenant improvements. Site improvements such as paving, lighting, landscaping, off-street parking and curb, gutter, and sidewalk are existing

**RECOMMENDATION:**

Staff recommends that the Planning Commission review and consider all information provided and submitted and, if determined to be appropriate, consider Adoption of the following Resolutions:

1. Resolution No. 22-4 Recommending City Council Approval of the Conditional Use Permit for the Central California Greens Project to Operate a Cannabis Retail Dispensary in an Existing Multi-Tenant Retail Building, subject to the Conditions of Approval dated June 15, 2022.
2. Resolution No. 22-5 Recommending City Council Finding Consistency with the Lathrop General Plan and Approval of an Ordinance for the Development Agreement between Central California Greens, Inc. and the City of Lathrop.

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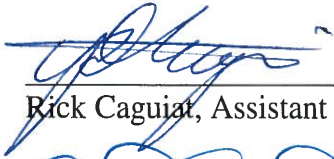
**Approvals:**



David Niskanen, Contract Planner

6/2/2022

Date



Rick Caguiat, Assistant Community Development Director

6/2/22

Date



Mark Meissner, Community Development Director

6/2/2022

Date



Salvador Navarrete, City Attorney

6-3-2022

Date

**Attachments:**

1. PC Resolution No. 22-4 for Conditional Use Permit
2. PC Resolution No. 22-5 for Development Agreement
3. Consolidated Conditions of Approval, dated June 15, 2022
  - a. Central California Greens Business Plan
4. Vicinity Map
5. Project Plans
6. Draft Development Agreement

**CITY OF LATHROP  
PLANNING COMMISSION RESOLUTION NO. 22-4**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF LATHROP  
RECOMMENDING APPROVAL OF A CONDITIONAL USE PERMIT FOR CENTRAL  
CALIFORNIA GREENS (CUP-22-58)**

**WHEREAS**, the City of Lathrop Planning Commission held a duly noticed public hearing to consider the Central California Greens project pursuant to the Lathrop Municipal Code; and

**WHEREAS**, the request is for a Conditional Use Permit and Development Agreement to occupy an approximately 2,000 square foot tenant space for a retail cannabis dispensary and delivery facility within an existing multi-tenant building (High 5 Plaza) on a 0.83-acre parcel on S. Harlan Road; and

**WHEREAS**, the project is located at 16925 S. Harlan Road, Suite 103 (APN: 198-210-10); and

**WHEREAS**, the proposed Conditional Use Permit is exempt according to California Environmental Quality Act (CEQA) Article 19 § 15301 Class 1 “Existing Facilities”. The proposed project would operate a cannabis dispensary in an existing multi-tenant retail building on S. Harlan Road. The proposed project is located within an existing facility and will involve tenant improvements. Site improvements such as paving, lighting, landscaping, off-street parking and curb, gutter, and sidewalk are existing; and

**WHEREAS**, the Planning Commission finds that the proposed project is consistent with the Freeway Commercial land use goals and policies and the City of Lathrop General Plan and will comply with the requirements of the Highway Commercial Zoning District and applicable provisions in the Lathrop Municipal Code; and

**WHEREAS**, the Planning Commission finds that the requirements and conditions of this resolution are reasonable in preserving, protecting, providing for, and fostering the health, safety, and welfare of the citizenry in general, and the persons who work in or visit the development in particular; and

**WHEREAS**, proper notice of this public meeting was given in all respects as required by law including the publishing of a legal notice of the hearing in the Manteca Bulletin on or about June 2, 2022, email notification sent to Public Hearing subscribers on June 2, 2022, and mailed out to property owners located within 300-foot radius from the Central California Greens project site on June 2, 2022. In addition, the meeting agenda was posted at the Council Chambers bulletin board and three (3) other locations accessible to the public and posted to the City’s website; and

**WHEREAS**, the Planning Commission has reviewed all written evidence and oral testimony presented to date.

**NOW, THEREFORE, BE IT RESOLVED** the Planning Commission of the City of Lathrop does hereby make the following findings:

1. Conditional Use Permit Findings. Pursuant to Section 17.112.060(A) of the Lathrop Municipal Code (LMC), the Planning Commission finds as follows:

- a. The granting of a use permit for the proposed use is necessary for the preservation and enjoyment of a substantial property right.

*Pursuant to Chapter 17.18, Cannabis Activities, in the LMC, Cannabis Dispensary is a Permitted Use upon Approval of a Conditional Use Permit. The proposed project will occupy an approximately 2,000 square foot tenant space to be used as a retail cannabis business and delivery facility within an existing building on a 0.83-acre site. The Cannabis Dispensary is also required to adhere to the provisions in Chapter 5.26, Commercial Cannabis Regulations.*

- b. The location of the proposed use is consistent with the objectives of the zoning code and the purpose of the district in which the site is located.

*As noted above, the proposed use is consistent with Chapter 17.18, Cannabis Activities in the LMC, where the use “Cannabis Dispensary” is a Permitted Use upon Approval of a Conditional Use Permit. The property is located within the CH, Highway Commercial Zoning District and development of the multi-tenant retail/office building was approved by Planning Commission on April 20, 2007. The proposed use would occupy an existing tenant space (Suite 103) in the building. Furthermore, on- and off-site improvements are complete, including but not limited to paving, lighting, landscaping, off-street parking, and curb, gutter and sidewalk. As such, the location of the proposed use is consistent with the Zoning Code and the purpose of the District in which it is located. As required by State law, the cannabis retail dispensary project site is located outside of the required 600-foot buffer area from sensitive uses (e.g., daycares, schools, and youth facilities). In addition, the project site is located outside of the 1,000-foot buffer, measured from the centerline of the street, from Spartan Way and Lathrop Road and Golden Valley Parkway, as required by Section 5.26.080, Location and minimum proximity requirements, in the LMC.*

- c. The proposed use will comply with each of the applicable provisions of Chapter 17.112 of the LMC.

*The proposed use complies with the applicable provisions in Chapter 17.112, including Conditions of Approval necessary to protect the public health, safety and general welfare. Additionally, the City has reviewed the applicant’s Business Plan which includes provisions for security, consistency with applicable State law, odor mitigation, hours of operation, operation protocols, and delivery procedures. The Conditions of Approval address Planning, Building, Public Works and Police and Fire Department requirements.*



2. The Planning Commission finds that the proposed Central California Greens Cannabis Dispensary is consistent with the Freeway Commercial land use goals and policies in the General Plan. The proposed use complies with all applicable provisions and standards in the Highway Commercial Zoning District.
3. The Planning Commission finds that the requirements and conditions of this resolution are reasonable in preserving, protecting, providing for, and fostering the health, safety, and welfare of the citizenry in general, and persons who work in or visit the development in particular.
4. The Planning Commission finds that the proposed Conditional Use Permit is exempt according to California Environmental Quality Act (CEQA) Article 19 § 15301 Class 1 “Existing Facilities”. The proposed project would operate a cannabis dispensary in an existing multi-tenant retail building on S. Harlan Road. The proposed project is located within an existing facility and will involve tenant improvements. Site improvements such as paving, lighting, landscaping, off-street parking and curb, gutter, and sidewalk are existing.

**BE IT FURTHER RESOLVED** that the Planning Commission of the City of Lathrop based on substantial evidence in the administrative record of proceedings, its findings above and pursuant to its independent review and consideration, does hereby recommend City Council approve Conditional Use Permit No. CUP-22-58, subject to the Conditions of Approval listed as Attachment #3 of the Planning Commission Staff Report, incorporated by reference herein.

**PASSED AND ADOPTED** by the Planning Commission of the City of Lathrop at a special meeting on the 15<sup>th</sup> day of June, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Steve Dresser, Chair

ATTEST:

APPROVED AS TO FORM:



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Mark Meissner, Secretary

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Salvador Navarrete, City Attorney

**CITY OF LATHROP  
PLANNING COMMISSION RESOLUTION NO. 22-5**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF LATHROP  
FINDING CONSISTENCY WITH THE LATHROP GENERAL PLAN AND  
RECOMMENDING THE CITY COUNCIL APPROVE THE DEVELOPMENT  
AGREEMENT BETWEEN THE CITY OF LATHROP AND CENTRAL CALIFORNIA  
GREENS, INC. (DA-22-81)**

**WHEREAS**, the City of Lathrop Planning Commission held a duly noticed public hearing to consider the Central California Greens Development Agreement pursuant to the Lathrop Municipal Code; and

**WHEREAS**, the request is for a Conditional Use Permit and Development Agreement to occupy an approximately 2,000 square foot tenant space for a retail cannabis dispensary and delivery facility within an existing multi-tenant building (High 5 Plaza) on a 0.83-acre parcel on S. Harlan Road; and

**WHEREAS**, the project is located at 16925 S. Harlan Road, Suite 103 (APN: 198-210-10); and

**WHEREAS**, Central California Greens, Inc., a California corporation, have applied for approval of a Development Agreement; and

**WHEREAS**, California Government Code Section 65864 et seq. authorizes any city, county, or city and county to enter into an agreement for the development of real property within its jurisdiction; and

**WHEREAS**, the proposed Development Agreement has been reviewed by City staff and City Attorney, and have recommended that the Planning Commission review and recommend approval of the Development Agreement as attached and incorporated in the Staff Report as Attachment “6”; and

**WHEREAS**, the proposed Development Agreement is exempt according to California Environmental Quality Act (CEQA) Article 19 § 15301 Class 1 “Existing Facilities”. The proposed project would operate a cannabis dispensary in an existing multi-tenant retail building on S. Harlan Road. The proposed project is located within an existing facility and will involve tenant improvements. Site improvements such as paving, lighting, landscaping, off-street parking and curb, gutter, and sidewalk are existing; and

**WHEREAS**, proper notice of this public meeting was given in all respects as required by law including the publishing of a legal notice of the hearing in the Manteca Bulletin on or about June 2, 2022, email notification sent to Public Hearing subscribers on June 2, 2022, and mailed out to property owners located within 300-foot radius from the Central California Greens project site on June 2, 2022. In addition, the meeting agenda was posted at the Council Chambers bulletin board and three (3) other locations accessible to the public and posted to the City’s website; and

**WHEREAS**, the Planning Commission has utilized its own independent judgement in reviewing the proposed Development Agreement in adopting this Resolution; and

**WHEREAS**, the Planning Commission desires to provide its recommendation to the City Council regarding the Development Agreement as required by local ordinance and California law; and

**WHEREAS**, the Planning Commission has reviewed all written evidence and oral testimony presented to date.

**NOW, THEREFORE, BE IT RESOLVED** that the Planning Commission finds that the text of the Development Agreement is consistent with the Lathrop General Plan as amended, since there is no resultant change in zoning, land use standards, or other similar regulations, and that the Development Agreement is exempt according to the California Environmental Quality Act because:

- a. The proposed Development Agreement involves organizational and financial matters that have no potential for direct or indirect physical effect on the environment.
- b. The proposed Development Agreement is exempt according to CEQA Article 19 § 15301 Class 1 “Existing Facilities”. The proposed project would operate a cannabis dispensary in an existing multi-tenant retail building on S. Harlan Road. The proposed project is located within an existing facility and will involve tenant improvements. Site improvements such as paving, lighting, landscaping, off-street parking and curb, gutter, and sidewalk are existing.
- c. The proposed Development Agreement would not alter the physical nature of the Project Site or its potential environmental impacts.

**BE IT FURTHER RESOLVED** that the Planning Commission of the City of Lathrop based on substantial evidence in the administrative record of proceedings, and pursuant to its independent review and consideration, hereby adopts Resolution 21-5 finding consistency with the Lathrop General Plan, as amended, and recommends that the City Council approve the Development Agreement between the City of Lathrop and Central California Greens.

**PASSED AND ADOPTED** by the Planning Commission of the City of Lathrop at a special meeting on the 15<sup>th</sup> day of June, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

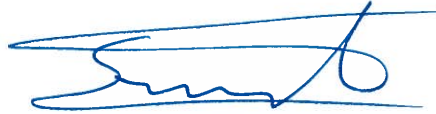
ABSENT:

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Steve Dresser, Chair

ATTEST:

APPROVED AS TO FORM:



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Mark Meissner, Secretary

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Salvador Navarrete, City Attorney

Community Development Department – Planning Division

Consolidated Conditions of Approval

June 15, 2022

**Project Name:** Central California Greens  
**File Number:** Conditional Use Permit No. CUP-22-58 and  
Development Agreement No. DA-22-81  
**Project Address:** 16925 S. Harlan Road, Suite 103 (APN: 198-210-10)

*The following comments and conditions of approval are based on the application and diagrams submitted May 25, 2022. These conditions shall be incorporated into the final construction and operations plans of the project. It is important to note that this list of conditions is not intended to be an all-inclusive listing of City regulations, and that additional conditions may result from the applicant’s revisions in the process of satisfying the conditions.*

*Any change to the operation of the business including but not limited to: expansion of the use, hours of operation, square footage of the facility, etc. shall require amendment of this Conditional Use Permit, as determined by the Community Development Director. The City of Lathrop may conduct annual and or spot inspections to ensure that required site improvements and conditions are being complied with and maintained.*

**PLANNING**

Approval of this Conditional Use Permit (CUP) authorizes operation of a retail cannabis dispensary and delivery facility in an approximately 2,000 square foot tenant space of the first floor of the High 5 Plaza Building located at 16925 South Harlan Road. The site contains approximately 0.83-acres, and is fully developed with existing off-street parking, paving, landscaping, and lighting.

***CEQA Determination***

Categorically Exempt According to the California Environmental Quality Act (CEQA) Article 19 § 15301 Class 1 “Existing Facilities”. The proposed project includes a Conditional Use Permit and Development Agreement to operate a cannabis dispensary on the 1<sup>st</sup> floor of the High 5 Plaza, an existing multi-tenant building on a 0.83-acre parcel on Harlan Road. The proposed project is located within an existing facility and will involve tenant improvements. The site is fully developed with existing off-street parking, paving, landscaping, and lighting.

1. Applicant’s operations must comply with all applicable laws and regulations. Failure to comply with applicable laws or regulations is a violation of this CUP and constitutes grounds for revocation of the CUP.
2. This CUP shall not be effective until the associated Development Agreement is approved and in effect.
3. Applicant shall notify the City in writing within 10 days of any change in licensure status with the California Bureau of Cannabis Control.

4. The retail cannabis dispensary and delivery facility shall operate in compliance with Chapter 5.26, *Commercial Cannabis Regulations* of the Lathrop Municipal Code (LMC).
5. Appropriate signage, pursuant to LMC Section 5.26.090, *Cannabis dispensaries* shall be posted at the site.
6. The retail cannabis dispensary and delivery facility shall maintain operations consistent with the Security Plan on file with the City.
7. The applicant shall provide an Employee Roster to the Lathrop Police Department pursuant to LMC Section 5.26.130, *Employees*. The Employee Roster shall contain information and shall be updated as deemed appropriate by the Chief of Police.
8. Operation of the cannabis retail dispensary and delivery facility shall be consistent with the Business Plan submitted on May 25, 2022. The Business Plan is incorporated herein by reference as a Condition of Approval (enclosed).
9. Indoor or Outdoor Live music and entertainment, or use of amplified speakers for advertising, entertainment or promotions is not permitted by this CUP. Events of this type would require separate application, review, and approval from the City prior to each and every event.
10. These Conditions of Approval shall be noted on the construction drawings filed for any building permit.
11. The applicant shall submit appropriate Tenant Improvement plans to the Building Department for plan check and building permit. Proposed improvements to the tenant space shall be reviewed and approved by the city for compliance with the business and security plans, and other modifications to the building required to comply with the conditions of approval. Any significant modification to the approved plan is subject to review and approval by the Community Development Director.
12. The entire site including landscaping areas shall be maintained in a healthy, weed free condition.
13. Any building or parking area illumination including security lighting, shall be arranged to direct light and glare away from adjoining properties.
14. No signs are approved by this project other than the interior signs required pursuant to Chapter 5.26, *Commercial Cannabis Regulations*. A Sign Permit for exterior signs shall be submitted to the Planning Division and Building Departments for review and approval prior to installation. All signage must be in accordance with High Five Plaza Master Sign Program No. 08-70 and Chapter 17.84 of the LMC.
15. Bicycle parking shall be installed consistent with Chapter 17.76.120 of the LMC.
16. The Conditional Use Permit shall expire thirty-six (36) months from the date of approval unless a time extension is granted consistent with the policies and procedure of Section 17.112.090 of the LMC.

## **BUILDING**

1. All construction shall comply with the most recent adopted City and State building codes:

2019 California Building Code	2019 California Plumbing Code
2019 California Residential Code	2019 California Fire Code
2019 California Electrical Code	2019 California Green Code
2019 California Mechanical Code	

2. Special Inspections – As indicated by California Building Code Section 1704, the owner shall employ one or more special inspectors who shall provide special inspections when required by CBC section 1704. Please contact the Building Division at time of plan submittal to obtain application for special inspections.
3. The Title Sheet of the plans shall include:
 

Occupancy Group	Type of Construction
Occupant Load	Height of Building
Description of Use	Floor area of building(s) and/or occupancy group
4. School impact fees shall be paid prior to permit issuance, if applicable.
5. Dimensioned building setbacks and property lines, street centerlines and between buildings or other structures shall be designed on plot plan.
6. All property lines and easements must be shown on plot plan. A statement that such lines and easements are shown is required.
7. The project design will conform with energy conservation measures articulated in Title 24 of the California Code of Regulations and address measures to reduce energy consumption such as flow restrictors for toilets, low consumptions light fixtures, and insulation and shall use to the extent feasible draught landscaping.
8. A design professional will be required at time of construction drawings, to prepare plans for proposed improvements per the Business and Professions’ Code.
9. Public and private site improvements shall be designed in accordance with the Americans with Disabilities Act and Chapter 11B of the California Building Code. Site plan shall include a site accessibility plan identifying exterior routes of travel and detailing running slope, cross slope, width, pedestrian ramp, curb ramps, handrails, signage and truncated domes. Path of travel shall be provided from the public right of way and accessible parking to building. The design professional shall ensure that the site accessibility plan is compliance with the latest Federal and State regulations.
10. A site accessibility plan shall be required as the attached policy from the link below. [https://www.ci.lathrop.ca.us/sites/default/files/fileattachments/building\\_division/page/1651/site\\_accessibility\\_plan\\_requirements\\_3-17-20.pdf](https://www.ci.lathrop.ca.us/sites/default/files/fileattachments/building_division/page/1651/site_accessibility_plan_requirements_3-17-20.pdf)

**LATHROP-MANTECA FIRE DISTRICT (LMFD)**

1. The project must conform to the appropriate edition of the California Fire Code (currently the 2019 edition) and all related standards.
2. Permits shall be obtained from the fire code official. Permit(s) and fees, shall be paid prior to issuance of any and/or all permits. Issued permits shall be kept on the premises designated therein at all times and shall be readily available for inspection by the fire code official. (Permits are to be renewed on an annual basis).
3. Fire Department Development Fees for all new buildings must be paid in accordance with the City of Lathrop’s Ordinance and Resolutions adopting the fee schedule.



4. Depending on proposed Occupancy Type & fire area occupant load, Fire Sprinklers may be required. In the case where fire sprinklers are required, Tenant/Occupant/Owner shall have the responsibility to ensure that the correct fire suppression system is added/modified/tested and accepted by the (AHJ) Fire District. Fire suppression system plans shall be modified under separate fire permit and shall be submitted by a licensed fire contractor, to the (AHJ) Fire District for review and approval prior to modification. Deferred submittal accepted.
5. Approved fire alarm systems shall be installed in accordance with 2019 CFC §907.2 and NFPA 72
6. Where a portion of the facility or building hereafter constructed or moved into or within the jurisdiction is more than 400 feet (122 m) from a hydrant on a fire apparatus access road, as measured by an approved route around the exterior of the facility or building, on-site fire hydrants and mains shall be provided where required by the fire code official.
7. An approved water supply for fire protection, either temporary or permanent, shall be made available prior to commencing construction beyond the foundation stage, or as soon as combustible material arrives on the site.
8. Approved vehicle access for firefighting shall be provided to all construction or demolition sites. Vehicle access shall be provided to within 100 feet (30 480 mm) of temporary or permanent fire department connections. Vehicle access shall be provided by either temporary or permanent roads, capable of supporting vehicle loading under all weather conditions. Vehicle access shall be maintained until permanent fire apparatus access roads are available.
9. The Fire Department Fire Access Roads shall meet the requirements established by the San Joaquin County Fire Chief's Association.
10. Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, a key box is required to be installed in an approved location. The key box shall be of an approved type and shall contain keys to gain necessary access as required by the fire code official.
11. Approved automatic sprinkler systems shall be provided as required in 2019 California Fire Code §903.2. If required, Tenant/Occupant/Owner shall have the responsibility to ensure that the correct fire suppression system is added/modified/tested and accepted by the (AHJ) Fire District. Fire suppression system plans shall be modified under separate fire permit and shall be submitted by a licensed contractor, to the (AHJ) Fire District for review and approval prior to modification. Deferred submittal accepted.
12. Other fire & life safety requirements may be required at time of building plan review.
13. Final approval is subject to field inspections. Minimum 48 hour notice required prior to any life-safety fire inspections. Other conditions may apply at time of inspections and are subject to correction.

#### **LATHROP POLICE DEPARTMENT (LPD)**

1. Applicant shall paint the address on the roof top for each individual building. The numbers shall be at least 3 feet tall, 2 feet wide, 9 inches apart, with 6-inch brush stroke with a color that contrast the roof top, top of numbers/letters should point north.
2. Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for law enforcement purposes, a key box is required to be installed in an approved location.

3. Install security camera system in compliance with Section 5 of the Business Plan.
4. Install dedicated exterior lighting in compliance with Section 4 of the Business Plan.
5. Landscaping shall conform to standard CPTED measurements:
  - a. Maintain natural visible surveillance to building from parking lot and street.
  - b. Plants taller than 8 feet shall be trimmed up 4 feet from ground.
  - c. Plants under 8 feet shall be trimmed to allow ground level surveillance.

### **ADMINISTRATIVE SERVICES**

1. By exercising this approval, the applicant hereby agrees to indemnify, hold harmless and defend the City, its officers, agents, elected and appointed officials, and employees, from any and all liability or claims that may be brought against the City arising out of its approval of this Conditional Use Permit and Development Agreement to the fullest extent permitted by law.

# Central California Greens Business Plan

# Required Submittal Item #3

## Business Plan

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## A.1 Owners Experience

### *Corey Travis*

Holding a B.S. in Business Administration, Mr. Travis has been involved in the *regulated* cannabis industry for the past 10 years. During that time, he has grown from running one small store in the City of Sacramento, to Director of Compliance and Operations for several high-volume retail and production-based companies across the State. Mr. Travis's substantial engagement in the industry during its early stages of development resulted in the formation of key relationships within the space, as well as with its regulators.

With his home base in Sacramento, CA, the birthplace of California's commercial cannabis industry, Mr. Travis was able to develop real world experience running retail cannabis stores as an early-stage licensee. That experience has since translated to Travis's implementation of industry best practices as multi-state awardee of licenses, both as a principal, and operator, many times over.

Mr. Travis has continued to maintain an active presence within the industry, and his community. As both an applicant and operator, Mr. Travis has been responsible for ensuring his businesses deliver on the commitments they make to their communities, their customers, and their business partners.

In order to maintain successful expansion within the evolving regulated cannabis industry, Mr. Travis has had to develop a keen understanding of the changing regulatory and compliance aspects of the business. Director of CannaLicensed Consultants, Travis evaluates local operating ordinances and trending changes in the State regulatory text to develop proper standard operating procedure manuals, and systems of best practice for cannabis licensees. Travis understands that compliance is a key component to maintaining proper licensure, and has a dedicated team who ensure product is safe, tested, and distributed in accordance with applicable regulations.

Mr. Travis is familiar with State Track and trace inventory systems and has written standard operating procedures (SOP)'s that place high priority on monitoring for non-diversion. He believes in strict oversight over the chain of custody, and ensures that businesses properly report their cannabis purchases and sales in accordance with State law.

With such a tremendous increase in the competitiveness and expense of entering the marketplace, it's more important than ever to distinguish paper thin applicants from business owners who can deliver tax revenue to their regulators and profit to their investors. Mr. Travis continues to remain intimately involved in a number of commercially successful cannabis businesses across several well-regulated jurisdictions to meet that standard of review.

In anticipation of pending regulatory changes, and broadened access to an increasing customer base, Mr. Travis believes it prudent to continue pursuit of the first mover advantage in new State and Local markets, while developing the infrastructure, branding, and production sides of the industry. He believes a successful portfolio of cannabis interests include participation at multiple levels of the value chain.

The following sites were entitled by Mr. Travis as the applicant and/or operator, via public hearing, and remain in good standing with their respective governing authorities. His knowledge of proprietary business systems, community action, and public policy yielded successful results in an extremely competitive process.

- Two Rivers, Sacramento, CA *Opened 07/11*
- Green Solutions, Sacramento, CA *Opened 08/09*
- Green Door Metro, Sacramento, CA *Opened 02/15*
- Central California Greens, Sacramento, CA *Opened 04/15*
- Tahoe Hydroponics Company, Carson City, NV *Opened 07/15*
- Joy of Life Wellness Center, Palm Springs, CA *Opened 10/16*
- Zen Garden Wellness, Stockton, CA *Opened 08/18*



### Anthony “Romeo” Ussery

Anthony Ussery is the co-founder and president of Alpha Zeta Logistix and Verve Last Mile , two full scale logistics firms that primarily operate in the San Francisco Bay Area . These firms have a combined workforce comprised of over 250 employees from various ethnicities and backgrounds. He has been featured as one of the 30 under 30 young African American entrepreneurs in the state of California for his work with growing successful logistics firms that employs many minorities.

He prides himself on a commitment of being a truly equal opportunity employer. The workforce he employs is the backbone and cornerstone of his business. In addition to the workforce he along with his Partner Donald Jimenez own \$8.6 million in assets including 127 vehicles in their fleet.

Before devoting his work full time to his firms, Anthony Ussery served as Regional Operations Manager for Synctruck , a national logistics firm. He lead a team of over 500 employees in the California region , operating at high levels across the board in Delivery Success , Employee Retention and Reliability.

Ussery is obsessed with leveling the playing. In 2020 he started on a journey helping other centered around the vision that small businesses should be able to thrive as much as big business. Since then he has invested time effort and resources in fourteen other entrepreneurs businesses that he



has assisted in scaling to mid six figures. He has also donated and volunteered at many charitable organizations which align with his mission to directly impact the lives of his community including St. Jude Hospital, Silicon Valley Community Foundation, and About My Father's Business just to name a few.

In the future Anthony Ussery hopes to create two foundations of his own. One to help solve the California homelessness crisis by providing comprehensive assistance to those living in this condition to receive an education and provide housing. The other would provide grants to young business owners, looking to do start up businesses and requiring them to gain hands-on experience with veteran entrepreneurs.

### **Donald Jimenez**

Donald Jimenez is a San Joaquin native; and a 1st generation college graduate from the University of California Davis. Before entrepreneurship, Jimenez began as a Project Manager for a start up in Silicon Valley Synctruck LLC. Soon turning this entity into a national logistics brand, with moving delivery vehicles in California, Texas, Utah, Reno, and New Jersey. Donald's strength was employee relations due to diversity connections, and maintaining retention.

Professionally, Donald Jimenez is chief officer of operations for two LLC's Alpha Zeta Logistix and Verve Last Mile. Both businesses cover ground between the Peninsula of San Francisco and East Bay territory's. His firms proudly deliver to on average of 17,500 customers daily across these communities. Only possible through maintaining a workforce of 250 employees on payroll. In addition to have 127 vehicles readily available for road departure. Donald's urban roots with entrepreneurial gifts have been instrumental to creating these entities that now produce 11M in annual revenue.

Aside from financial success, Jimenez's pure joy is in Lathrop as a home owner in the River islands community. This is where he has made the decision to raise his family composed of his wife and two daughters. Jimenez shares the vision for Lathrop as a thriving community full of development and good promise to its residents.

### **Ownership Team Involvement:**

The Ownership team will maintain a hands on approach with the business, with all owners serving as managing partners of the business, handling day-to-day operations such as procurement of the menu, safety, marketing, operations, as well as the executive duties on the Board, guiding the Company. The owners are local, and live / work in Lathrop- this will ensure a productive partnership between the City and the Dispensary.

## Compliance with Lathrop Municipal Code:

In order to ensure compliance with the Lathrop municipal code, the Company has hired a compliance officer to monitor any proposed changes to the code that may affect the business, as well as conduct audits to ensure ongoing operations remain in sync with the ordinance.

## A.2 Finances

Central California Greens financial projections are conservatively based on first-hand knowledge of multiple current licensed commercial cannabis enterprises as well as published industry statistics regarding market share, consumer spending, and demographic trends across the State.

### A.2.1. Proof of Capitalization

Central California Greens is well capitalized with a total of nearly \$1M in committed capital. The financial backing for Central California Greens will first come directly from the Company’s owners. Ownership funds of \$450,000 are readily available to build-out the facility, make initial hires, develop a customer base and procure inventory. Additional private loans have been secured with a promissory note for up to and additional \$500,000 as needed. Given our sufficient cash reserves, we have the ability to cover additional costs as necessary given the uncertain nature of construction costs and timelines.

<b>FOUNDING CAPITAL</b>	<b>Capital \$</b>
Anthony Ussery	\$200,000
Corey Travis	\$250,000
SUBTOTAL	\$450,000
<b>LOANS</b>	
Central California Greens Corporate	\$500,000
GRAND TOTAL	\$950,000

**NOTE:** Documentary evidence for capitalization is attached.

### A.2.2 Pro-Forma (5 Years)

Based on estimated costs of start-up, operating costs, and costs of goods sold, Central California Greens anticipates recouping its investment within three years of operation with a 3 YR net after tax profit of over \$1,500,000 and thereafter averaging \$1-\$2M per year by which it can then

ramp up staff wages and benefit packages, and make more substantial contributions to the Community Benefits Programs outlined below.

Similar to other California adult-use cannabis dispensaries, we expect cost of goods sold for our retail and delivery business lines to be equal to approximately fifty eight percent (58%) of our respective gross revenues. Other costs of goods including supplies and materials, and vehicle fuel/maintenance charges will result in gross profit margins ranging from thirty-eight percent (38%) to forty-five percent (45%) through the first five (5) years.

	Projected Income Statement				
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total Revenue</b>	<b>3,166,620</b>	<b>6,333,240</b>	<b>9,499,860</b>	<b>11,874,825</b>	<b>13,656,049</b>
COGS	1,868,306	3,736,612	5,604,917	7,006,147	8,057,069
<b>Gross Profit</b>	<b>1,298,314</b>	<b>2,596,628</b>	<b>3,894,943</b>	<b>4,868,678</b>	<b>5,598,980</b>
Lease Payment	84,000	86,520	89,116	91,789	94,543
Marketing	195,000	204,750	214,988	225,737	237,024
Insurance	21,600	24,840	43,840	43,840	43,840
Utilities	48,000	48,000	48,000	48,000	48,000
Supplies	30,000	189,997	284,996	356,245	409,681
Wages / Salaries	407,412	419,634	432,223	445,190	445,190
Payroll Withholding	36,667	36,667	36,667	36,667	36,667
Alarm/Internet	30,000	30,000	30,000	30,000	30,000
Security	262,800	262,800	262,800	262,800	262,800
Legal / Lobby	7,000	7,000	7,000	7,000	7,000
Operations	112,248	117,860	123,753	129,941	136,438
Permit (City/State)	101,000	101,000	101,000	101,000	101,000
Est. Local Taxes	158,331	316,662	316,662	316,662	316,662
<b>EBITDA Net Profit / (Loss)</b>	<b>(37,413)</b>	<b>1,067,559</b>	<b>2,220,560</b>	<b>3,090,469</b>	<b>3,746,797</b>
EBITDA %	-3470.2%	243.2%	175.4%	157.5%	149.4%

	Statement of Cash Flows				
	Year 1	Year 2	Year 3	Year 4	Year 5

(360,000)				
(37,413)	1,067,559	2,220,560	3,090,469	3,746,797
(397,413)	1,067,559	2,220,560	3,090,469	3,746,797
(229,868)	(501,230)	(772,554)	(975,677)	(1,129,041)
950,000	322,719	1,891,509	4,884,624	8,950,771
<b>322,719</b>	<b>1,891,509</b>	<b>4,884,624</b>	<b>8,950,771</b>	<b>13,826,608</b>

### A.2.3 Operating Budget

Central California Greens’s initial funding resources will originate from capital contributions comprised of approximately \$950,000 of cash from the owners & financiers. The \$950,000 of cash will be allocated across the numerous costs outlined in charts below, which includes: (i) Real Estate Tenant Improvements for the store, (ii) two (2) delivery vehicles with lockbox systems, (iii) startup inventory, (iv) startup expenses until steady state of operations, (v) the first three (3) months of operating expenses, (vi) additional cash reserves.

### A.2.4. Construction Schedule

The following Construction Budget and Schedule for our buildout have been provided by our General Contractor. The proposed site is within an existing building, and has the ability to be open within 6 months within issuance of an operating permit.

#### A.2.4.1 Construction Budget

We expect completion of the entire entitlement and rehabilitation of the new cannabis dispensary within 6 months. Due to the prime location of the dispensary, we do not expect the need for any ramp-up period during our initial months of operations.

Capital Expenditures		
POS Equipment	\$ 25,000	4.2%
Support Equipment	\$ -	0.0%
General Fit-Out Expenses	\$200,000	33.3%

**Central California Greens**

Delivery Vehicle	\$ 55,000	
Office Furniture & Equip	\$ 15,000	2.5%
Incidentals / Pre-Launch Labor	\$ 15,000	2.5%
Soft Costs	\$ 20,000	3.3%
Contingency	\$ 30,000	5.0%
Working Capital	<u>\$240,000</u>	40.0%
Total Capital Expenditures	<u><b>\$600,000</b></u>	



**A.2.4.2 Construction Schedule**

Subsequent to full review of Central California Greens building plans and considering the City’s permitting process, our General Contractor has provided us with the conservative timeline below. Because many of these activities will occur simultaneously, we anticipate operations commencing a total of 6 months from submission.



carry our operations for several additional months and longer with slight alterations to immediate plans.

## A.3 Daily Operations

### A.3.1 Statement of Operations

Central California Greens, Inc., a California C-Corporation, dba. (“Central California Greens”, “Applicant”, or “Company”), will establish and operate a Commercial Cannabis Storefront Retailer with Delivery that, will engage in delivery at 16925 S Harlan Road, Lathrop, CA 95330 (the “Facility”). At a high-level overview, Central California Greens will conduct the following activities as part of its cannabis dispensary operations:

- A. Procurement of finished, i.e. final form, cannabis and cannabis products (together referred to herein as “cannabis goods”) from licensed distributors with a focus-on sourcing and featuring products cultivated and manufactured in Sacramento, San Joaquin, and/or nearby areas;
- B. Store and stage with proper security features finished cannabis goods prior to retail sale; and
- C. Offer a specifically curated menu of finished cannabis goods for retail sale to qualified patients over the age of eighteen (18), their primary caregivers, and customers over the age of twenty-one (21) (collectively, “Customers”) at the Facility by operating as a cannabis Retailer Storefront.
- D. Offer finished cannabis goods for retail sale to Customers via delivery vehicles by operating as a cannabis retail storefront with delivery operations.
- E. Adopt and implement Best Practices from the cannabis industry Standard Operating Procedures. (For an example, see (SOP) “Cash Handling Policy and Procedures” attached herein.)

### A.3.2 Opening and Closing Procedures

#### I. Dispensary Daily Operating Schedule

On days in which the Dispensary is open for operations, staff will operate the Dispensary pursuant to the following daily regular schedule:

- A. Morning-shift personnel open the Facility for non-public operations at 7:00 a.m.

- B. From 7:00 a.m. to 8:00 a.m., morning-shift personnel stage cannabis goods for display and ultimate retail sale.
- C. Morning-shift Dispensary personnel open the Dispensary for public operations at 8:00 a.m.
- D. From 8:00 a.m. to 9:00 p.m., the Facility is open to the public and Customers may engage in the retail purchase of cannabis goods.
- E. Evening-shift Dispensary personnel close the Dispensary and customer delivery service for non-public operations at 9:00 p.m.
- F. From 9:00 p.m. to 10:00 p.m., evening-shift personnel finalize and log transactions from the day in accordance with the Applicant's record-keeping policies. A visual inspection is conducted for all cannabis remaining on display. If any discrepancies are found it will trigger an audit and if needed, a full inventory reconciliation.

## II. Opening Procedures (Managers and Team Leads)

Activities in this section apply only to Managers and Team Leads. The opening procedures in this section begin no later than one (1) hour before store opening.

Guard service to be on site to pre-screen premises 30 minutes in advance of scheduled arrival time of opening manager to deter/prevent robberies at opening of business. Opening manager to drive perimeter of business looking for unusual circumstances and confirming presence and welfare of guard(s).

- A. Enter through the rear delivery entrance
  - Disable alarm. If found in disabled condition, retreat to position of safety and have guard clear interior of any hazards. Investigation into alarm failure is triggered.
  - Turn on lights
  - Put on ID badge.
  - Employees starting the shift can come in through either the front entrance or through the rear entrance (those who park in the back lot). Security will confirm employee identity and allow employees through lobby. Ordinance requires door to be secured at all times, even during business hours. Guard will buzz staff in, verify they are scheduled, and issue their employee ID from the staff ID safe in the reception area.
  - Unlock front door just prior to opening.
- B. Turn on the equipment at each POS register that is starting the shift:
  - Tablet (screen).
  - Scanner (wait for confirmatory beep)

## IV. Opening (Budtenders, Security and Intake)

Activities in this section apply to the rest of the crew (not Managers and Team Leads).

- A. Enter through the front entrance.



- B. Put on ID badge provided by Security; badges will be stored in the Reception Safe where each night the manager places badges for the next day's scheduled staff.
  - C. Pick up intercom headset, as applicable
  - D. Pick up walkie talkie/radio. Radios to be carried by Security, on duty manager, retail shift leads, reception staff, and delivery drivers.
- IV. Daily Inventory Staging for Sales Floor
- A. Inventory Manager to open limited access Secured Product Storage area and move daily cannabis products to Internal Transfer Area
  
  - B. Budtenders to be assigned certain products from Internal Transfer Area to sales floor showcases and storage areas behind showcases to meet daily sales requirements
- V. Opening: Cash Count
- A. Manager retrieves cash drawers from vault and works with Budtenders in Internal Transfer Area to ensure each register has starting balance of \$263.00 that Budtender shall be responsible for during their shift.
  
  - B. Budtender counts cash total with Manager prior to taking to POS station/register.
- VII. End of Day Closing: Last Shift (Budtenders Only)
- A. Budtenders organize their station and replenish bags and receipt papers. They shall also wipe clean the touch-screen monitors.
  - B. As directed by the manager on duty, budtenders perform partial inventory reconciliation. See Section A: Business Plan, 5. Inventory Control Procedures.
  - C. Return any equipment, badges, and intercom headsets to Security/Reception
  - D. When done with all the tasks, budtenders may clock out and leave.
  - E. Budtenders should normally leave through the front entrance of the store and are normally escorted by security (unless requested otherwise) for personal safety reasons. Security provides escort to the employee's vehicle.
  - F. Team leads and managers stay behind to perform additional tasks as the budtenders disperse.
- VIII. Closing: Inventory Count
- Activities in this section apply to Budtenders, Team Leads, and Managers.
- A. Hard Count (Budtenders, Team Leads)  
Budtenders and Team Leads organize the inventory and do a hard count using a notepad.
  
  - B. Verification (Team Leads)
    - A Team Lead takes the notepad with the count and reconciles it with the live inventory system (the inventory count is only accessible by the Team Leads and Managers).

- If there are discrepancies, the items still in the Secured Product Storage may also be counted.
- If there are still discrepancies between hard count and FLOWHUB inventory count, the Team Lead highlights the items and presents the findings to the Manager.

C. Verification (Manager)

- The manager takes the notepad with the count and reconciles it with the live inventory system (the inventory count is only accessible by the manager).
- The manager may choose to perform another hard re-count of the item.
- The manager can adjust actual count in live inventory.

IX. Closing: Closing Cash Drawers

- A. The last budtender at a particular POS register logs out.
- B. Manager: Turn off the register and print out daily receipt.
- C. The receipt gives the receipt of totals for the entire drawer for the day.
- D. Final register count confirmed by Manager and Budtender in Internal Transfer Area
- E. Manager leaves \$250 in register drawer that is placed in the vault overnight to start next day. Amounts over \$250 are stored within a separate area of vault and scheduled for armored car cash pick up
- F. Empty register left open overnight to show any potential criminal that no funds are available.
- G. Write down the register number on the receipt.
- H. Move to the next POS register and repeat steps.

XI. Closing: Total Count

- A. Manager and respective budtender to re-count the money (using the currency scanner/counter) for all the drawers and compare the total from the currency counter to the actual Daily Total.
- B. Get the batch ticket reflecting the total revenue for the entire day.
- C. The cash for Daily Total is combined into a bag, and secured with a rubber band and placed into vault by Manager along with cash within cash drop safe from daily drops.

D. In FLOWHUB, indicate that the cash has been moved to the main vault, and indicate the day in Notes field. This sends information to accounting, indicating the revenue for the day.

E. The cash bag is transferred into the main vault.

## XII. Closing: Ending Shift (Managers and Team Leads)

- A. Each manager and team lead complete the End of Day Checklist in FLOWHUB.
1. Login and select PM shift
  2. Do not mark “check” on items you did not personally perform (unless the manager verifies that he/she performed the task).
  3. End of Shift
  4. Reset till, print totals report receipt, and attach to end of shift report
  5. Inventory Check
  6. Verify nightly inventory count sheet. If there are any corrections, submit a new Inventory Count Sheet.
  7. Walkie-Talkies
    - a. Confirm that all walkie-talkies have been returned to the charging station.
    - b. Sign Off
  8. Verify & sign off on all daily procedures.
  9. Clock Out and ID Badges – clock out and turn in badge to Manager.
  10. Manager to review schedule for following day and place ID badges for scheduled staff in the Reception Safe for distribution by Security the following morning. All other badges to be stored in Manager’s office.
  11. Employees shall exit through rear delivery entrance while Security monitors doorways and Manager is the last to leave.
- B. Manager to ensure all registers are open and empty, all limited access areas are closed and locked, night lights are turned on and security alarm activated. Lock doors.

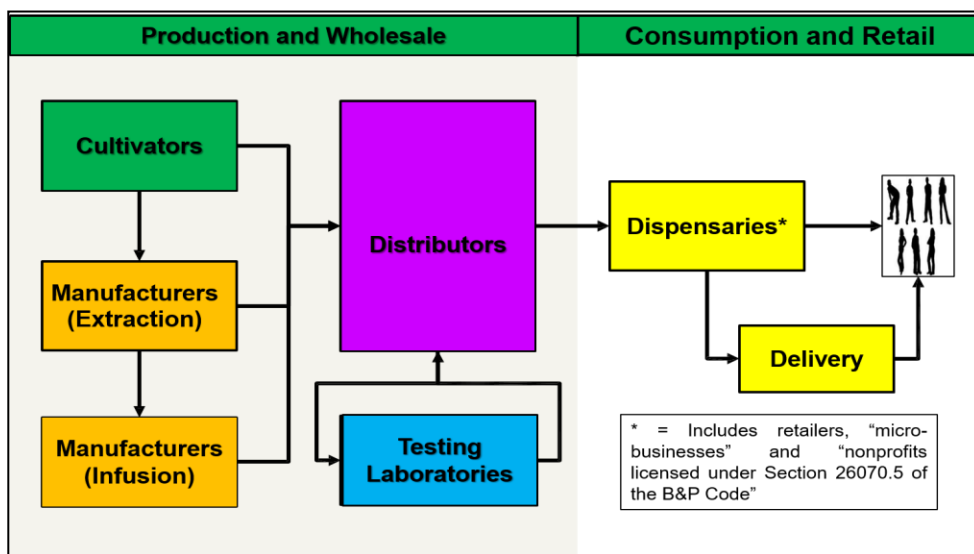
### A.3.3 The Applicant’s Position in the State’s Mandated Cannabis Supply Chain

As a cannabis storefront dispensary engaged in the retail sale of cannabis goods and cannabis accessories to Customers, Central California Greens represents the final link in the State of California’s (the “State”) mandated Commercial Cannabis Supply Chain. Pursuant then to the State Cannabis Law, Central California Greens **must** procure all finished cannabis goods at wholesale from licensed distributors, who have already (i) procured the cannabis goods from licensed cultivators and manufacturers; (ii) arranged for the finished cannabis goods to receive a Certificate of Analysis (“COA”) from a testing laboratory that the finished

cannabis goods have passed the testing requirements pursuant to the State Cannabis Law; and (iii) performed quality assurance inspections on the finished cannabis goods. Central California Greens, therefore, will confirm a Distributor’s valid license number and associated shipping manifest with an approved / passed COA prior to accepting products as discussed in the Inventory Control Procedures in Section 5 of this Business Plan.

In furtherance of this, Central California Greens has already obtained written commitments from Licensed Distributors, who are willing to supply product to the retailer for operations. Terp Wholesale, LLC in Sacramento California, is one of these such distributors who is already engaged in supplying San Joaquin County dispensaries.

### The State’s Mandated Cannabis Supply Chain



### A.3.4 Best Practices / Standard Operating Procedures

Central California Greens shall adopt operational best practices in the form of Standard Operating Procedures across the totality of their operating activities. These industry-standard SOPs include, but are not limited to: Shipping, Receiving and Material Handling, Inventory Control, Destruction of Product, Handling of Damaged Product, Sanitation and Maintenance, Complaint Management, Employee Health and Hygiene, and Equipment Management.

(Please see Sample SOP: Cash Management and Handling )

#### A.3.4.1 Facility Requirements

The Facility shall be constructed and maintained in a manner that ensures public and employee safety, and encourages sustainability as discussed in the Safety and Security Plans in **Sections C and D**.

#### Designated Employee Areas

No person may store clothing or other personal effects in any area used for the storage, or preparation for sale, of cannabis goods. Areas designated for employees to eat or drink (*e.g.*, break rooms or conference rooms) shall be located so that cannabis goods are protected from contamination.

### **Restrooms**

There shall be access to restrooms with toilets in the Facility. The number of toilets and ADA accessible facilities provided are in accordance with local building ordinances. Restrooms shall be located in the common area of the building, separated by, self-closing doors that prevent passage of insects, dust, or odors. Restrooms shall be vented to the outside air by means of an open-able screened window, an airshaft, or a light switch-activated exhaust fan, consistent with the requirements of local building codes. As a progressive company, Central California Greens will consider and designate the restrooms as gender-neutral. Access to the restrooms shall be controlled by security personnel.

### **Facility Equipment Requirements**

All utensils, display cases, windows, counters, shelves, tables, refrigeration units, and other equipment or utensils used in the preparation of delivery, sale, and display of cannabis shall be made of nontoxic, corrosion-resistant, nonabsorbent materials, and shall be constructed, installed, and maintained to be easily cleaned.

### **Cannabis Storage**

Central California Greens shall store all cannabis in areas of the Facility that are (i) completely enclosed and designed to permit control of temperature and humidity and prevent the entry of environmental contaminants such as smoke and dust (ii) within refrigerated safes or vaults where necessary that are bolted to the floor or structure of the Facility and (iii) are only accessible by authorized personnel through key card, biometric or other similar limited access mechanism.

### **Facility Security Requirements**

The Applicant shall implement security measures reasonably designed to prevent unauthorized entrance into areas containing cannabis goods and theft of cannabis goods from the Facility. Central California Greens's security measures are contained in the Security Plan found in Section D. Please note our use of a contact-free screening lobby protecting staff from those as yet unidentified, a triple layer access control model to access retail, coupled with a door redundant, triple door exit path as referenced in greater detail in the Security Plan.

### Security During Hours of Operation

Unless otherwise required by the State Cannabis Law or the City Cannabis Law, the Facility shall be open to the **public between the hours of 8:00 a.m. and 9:00 p.m.** Monday through Sunday. There will be **no** deliveries of cannabis goods to customers outside of this time frame. Further, any deliveries to residential properties within 600 feet of a public or private K-12 school shall not occur during school hours (8:00 am and 3:00 pm Monday-Friday). As confirmed with City staff, the Applicant *may* hold **non-public** Facility hours for activities such as opening and closing the Facility, employee training, and accepting distributor shipments of goods during non-public hours except that **no shipments of cannabis goods** shall be accepted *before* 6:00 a.m. or *after* 10:00 p.m., pursuant to BCC Regulations § 5422(c).

Any time the Facility is not open for operations the Applicant shall ensure the following:

- A. The Facility shall be securely locked with commercial-grade, non-residential door locks.
- B. The Facility's alarm system shall be active at all times.
- C. All cannabis goods shall be stored in a locked safe, vault, secure product storage room, or secure display.
- D. Only authorized employees and contractors escorted by an authorized employee shall be allowed to enter the Facility.

### Storefront Dispensary

Central California Greens shall prevent unauthorized entrance into the Facility and, in particular, the dispensary Sales Floor and theft or misuse of cannabis goods through the following Facility requirements:

### Customer Waiting Area

The Applicant shall post a sign at the Customer waiting area, which states that smoking, vaping, ingesting, or otherwise consuming cannabis in the Facility or in the areas adjacent to the Facility is strictly prohibited. No person will be admitted to the retail area without first verifying through examination of a government-issued identification card that he or she is at least the minimum age under state law to enter the premises as Adult Use or Medical patient, as applicable. The waiting area will be physically separated from the retail area by a wall as illustrated on the Floor Plan. Absolutely **NO** cannabis goods will be accessible to Customers in the waiting area.

### Access to the Dispensary Retail Sales Area

Central California Greens shall ensure that the entrances into the dispensary Sales Floor Area are always secured with entry strictly controlled by on-site security.

At least one (1) employee will always be physically present in the retail area when any non-employee is in the retail area. Within the retail area, the number of non-employees will not exceed twice the number of employees at any time.

### Daily Sales Limits

A. In accordance with State Law, the Company shall not sell more than 28.5 grams of non-concentrated cannabis flower in a single day to a single adult-use customer. Furthermore, the Applicant shall not sell more than 8 grams of concentrated cannabis, as defined by B&P Code section 26001, including concentrated cannabis contained in cannabis goods to same.

B. Notwithstanding the above, if a qualified patient or primary caregiver has a physician's recommendation pursuant to the State Cannabis Law that 28.5 grams of non-concentrated cannabis or 8 grams of concentrated cannabis do not meet the qualified patient's current medicinal needs, the qualified patient or primary caregiver may purchase an amount of cannabis consistent with the qualified patient's needs as recommended by a physician.

### A.3.4.2 Nuisance Mitigation & Consumer Protection

1. Central California Greens shall implement and enforce the following operational requirements to prevent the Facility from becoming a public nuisance and to protect the well-being of its customers and staff:

A. Prominently display a copy of its City-issued cannabis dispensary CUP, Commercial Cannabis Permits, and State-Issued BCC Type 10 Retailer permit in a conspicuous location visible and accessible to members of the public.

B. Have uniformed BSIS security officers present to serve as a visible deterrent to any criminal activity or nuisances, including ensuring no loitering occurs on or adjacent to the Facility premises.

C. At no time shall any of the following items be allowed at the Facility: (i) any controlled substance, other than cannabis; (ii) any paraphernalia used for the ingestion of any type of controlled substance, including cannabis (except for cannabis accessories for incidental retail sale to Customers); (iii) alcoholic beverages; or (iv)

firearms, except in strict compliance with federal, State, and County laws and regulations.

D. Shall not sell alcoholic beverages or tobacco.

E. Shall prohibit smoking, vaporization, ingestion, or consumption of alcohol, tobacco, or cannabis in any form at the Dispensary or the surrounding area.

F. Shall not have an on-site physician for the purpose of evaluating patients for issuance of a medicinal cannabis recommendation or identification card nor shall Central California Greens give or offer to give any form of remuneration to a physician if the physician or his or her immediate family have a “financial interest” (as that term is defined in Section 650.01 of the B&P Code) in the dispensary.

G. Shall not distribute any form of advertising for physician recommendations for medicinal cannabis unless the advertisement bears the notice to consumers contained in Section 2525.5 of the B&P Code.

H. Shall not allow any individual under the age of eighteen (18) in the Dispensary.

I. Shall not hire or employ any person under twenty-one (21) years of age at the Dispensary.

J. Shall ensure litter removal services as needed in front of the Facility and, if necessary, on public sidewalks within one hundred (100) feet of the Facility.

K. Shall ensure that all areas recorded by the digital video surveillance system shall at all times have adequate lighting to allow the surveillance cameras to effectively record the identity of individuals and suspicious activities.

L. Shall prohibit loitering on the premises and adjacent public areas and post signage as well as use roving security to enforce the prohibition.

### A.3.5 Customer Check-in Procedures

Central California Greens shall operate the Storefront Dispensary, in particular the Sales Floor Area, pursuant to the following requirements and procedures.



Central California Greens shall only allow individuals into the secure Sales Floor Area for the purpose of purchasing cannabis goods after a Company staff member has identified the individual as being over the age of twenty-one (21), a qualified patient over the age of eighteen (18), or a primary caregiver. The check in area will be located in the exterior of the building inside a fenced area as noted on the plans. Customer will stand in line, and queue behind a screened fence, holding a maximum of 25 people, or as otherwise determined by the building department. Upon verification of ID, via electronic card swipe, security will control access to the sales floor and allow a vetted customer access. All patients and customers must have the following:

- A. A valid (i) physician recommendation to use cannabis goods for medicinal purposes pursuant to the State Cannabis Law or (ii) medicinal marijuana identification card issued by a County Health Department.
- B. A valid proof of identification and age; acceptable forms of identification include the following:
  - 1. A document issued by a federal, state, county, or municipal government, or a political subdivision or agency thereof, including, but not limited to, a valid motor vehicle operator's license, that contains the name, date of birth, height, gender, and photo of the person.
  - 2. A valid identification card issued to a member of the Armed Forces that includes a date of birth and a photo of the person.
  - 3. A valid passport or passport card issued by the United States or by a foreign government.
- C. In the case of a primary caregiver, valid written documentation containing the signature and the printed name of the qualified patient designating the individual as a primary caregiver for the particular qualified patient.

Per City Ordinance 5.42.310, the same identification verification must also be shown again at the point of sale station at the time of purchase.

### **A.3.6 Receiving of Cannabis Deliveries**

**All cannabis product deliveries shall be received via the secure access notated on the Floor Plan at the rear of the building (non-customer entrance).**

- A. Prior to transporting finished cannabis goods to Facility, the licensed distributor shall complete an electronic shipping manifest, which shall contain the following information:
  - 1. Central California Greens name and license number.

2. The distributor's name and license number.
3. The names of authorized transport vehicle drivers and driver's license number.
4. A list of all of the finished goods, including a description of the quantity transported and any discounts applied.
5. All unique identifiers associated with the cannabis goods.
6. The time and location of departure.
7. The time and location of expected arrival.
8. The make, model, and license plate number of the transport vehicle.
9. Any other information required elsewhere by the State or City Cannabis Laws.
10. Such records shall be maintained for a minimum of seven (7) years and shall be made available by Company to the agents or employees of City upon request, with the exception of HIPPA protected records.

B. During transportation, a licensed distributor shall maintain a physical copy of the shipping manifest and make it available upon request to any law enforcement officers.

C. Prior to receiving the cannabis goods from and during transportation by a licensed distributor, Company will maintain each electronic shipping manifest and will make it available upon request to any law enforcement officers.

D. Upon receipt of a shipment of cannabis goods from a licensed distributor, Company shall create a record verifying receipt of the shipment and the details of the shipment.

E. Upon accepting a shipment of cannabis, Company shall immediately place the products in a secured and locked room/display case, safe, or vault in a manner as to prevent diversion, theft, and loss.

F. To ensure the health and safety of our Customers, all inventory intake staff shall be trained to only intake cannabis goods with compliant packaging and labeling.

G. Pursuant to the State and City Cannabis Laws, the Applicant shall only offer finished cannabis goods that were cultivated, manufactured, and transported by licensed facilities that maintain operations in full conformance with State and local regulations. As a result, the Applicant shall only purchase finished cannabis goods from a licensed distributor, transporting finished cannabis goods in compliance with State and local regulations.

### **A.3.7 Point-of-sale System and Inventory Control (FLOWHUB)**

Central California Greens shall utilize a point of sale and inventory tracking information technology system (the “track and trace system”) that will provide technical infrastructure for the entire dispensary operations. We will utilize **FLOWHUB**: Cannabis Inventory Control and Track & Trace Technology System, with 8 POS registers in the secure sales area. Please see the Inventory Control Procedures in Section 5 of this Business Plan for more information regarding track & trace - FLOWHUB.

Central California Greens’s process and procedures for the handling and accounting of cash are encompassed within the use of FLOWHUB software system’s fully integrated supply chain management “seed-to- sale” software system with enterprise resource planning, complete inventory tracking, point-of-sale, marketing, financial reporting, and regulatory compliance features.

#### A.3.7.1 Track and Trace System Integration

Central California Greens’s process and procedures for the handling and accounting of cash are encompassed within the FLOWHUB software system’s management “seed-to-sale software system with enterprise resource planning, complete inventory tracking, point-of-sale, marketing, financial reporting and regulatory compliance features.”

#### A.3.7.2 Cash Management and Handling Policies

Cash is not to be accepted or disbursed by employees unless that employee has been authorized by the Facility’s general manager, (“Manager”) to handle cash for a specified purpose. When an employee receives cash, it is to be deposited promptly into the appropriate authorized cash register. Any employee that handles cash is responsible for that cash. Retention of cash received from outside sources for use as petty cash or for making change is prohibited. Use of cash funds or cash receipts for cashing checks is prohibited. Our cash handling policy is more specifically detailed in our security plan (**Section 5**).

#### A.3.8 Number of Customers per Day

Following is our projected customer volume over the course of a 13-hour day, with opening at 8am and closing at 9pm. The bulk of customer activity tends to fall at the end of the day – from 6pm to 9pm. There is also a predictable “bump” upon opening – from a specific market segment – and again around the lunch hour (on weekdays). Using an average of 270 transactions per day, we expect a typical weekday traffic pattern to approximate the below:

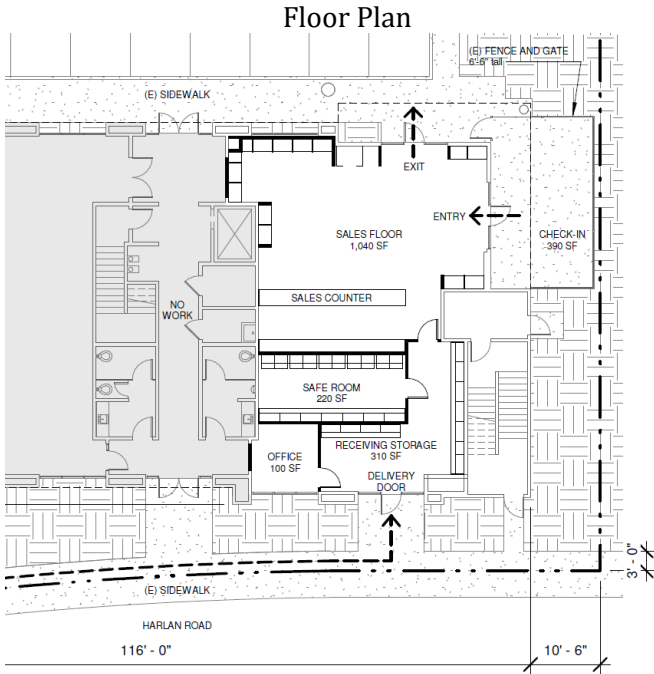
8am – 9am 20 Customers  
9am – 10am 10 Customers  
10am – 11am 10 Customers  
11am – 12pm 15 Customers

12pm – 1pm	25 Customers
1pm – 2pm	20 Customers
2pm – 3pm	15 Customers
3pm – 4pm	15 Customers
5pm – 6pm	15 Customers
6pm – 7pm	35 Customers
7pm – 8pm	35 Customers
8pm – 9pm	30 Customers

It should be noted that patterns and trends of customer volume are easily affected by either location or time of year. For example, the proximity of a large employer or a larger retail operation often results in a more pronounced increase over the lunch hour.

**A.3.9 Sales Floor Area Operations**

**A.3.8.1 Storefront Dispensary Operational Facility Layout**



**A.3.9.2 Retail Staging and Display**

A. Central California Greens shall designate storage and staging areas with controlled access behind the points of sale, which shall be locked up when not in active use and under surveillance, and will be restocked as needed. As product is moved from the storage area to the sales area, the inventory transfer shall be reflected in the track and trace system. Only the amount of inventory required for the day’s operations will be brought into the retail area each day.

At business opening, the average daily sales inventory of the most common products (as evidenced by the preceding month's receipts) will be staged in locking cabinets behind/beneath retail counters. As the day progresses, retail room inventory will wane, reducing the risk:reward ratio of a potential bad actor. Also as the afternoon and evening progresses, the pass-thru system will be increasingly used to fulfill retail customer orders. After businesses hours, remaining floor stock will be loaded into rolling, welded wire, locking metal carts and rolled into the secure product room for overnight storage.

B. During retail staging and replenishment, Company staff shall verify that the cannabis goods have not exceeded their expiration or sell-by date if one is provided.

C. Central California Greens shall not sell, permit to be sold, offer for sale, or display for sale any cannabis good by means of self-service display, vending machine, rack, pass-through, or counter-top within reach of Customers. All cannabis goods will be offered for sale only by means of employee assistance.

D. Display cannabis goods may be removed from their packaging and placed in containers to allow for customer inspection. Employees shall destroy display cannabis goods by rendering useless in accordance with the BCC regulations once no longer used for display. Cannabis goods used for display and removed from packaging shall **NOT** be sold or in any way transferred to Customers.

E. An employee authorized by Company to handle cannabis goods shall be physically present on the Sales Floor Area at all times when Customers are present. A Manager shall be on duty during all hours of operation.

### A.3.10 Proposed Product Line & Percentage of Sales

Central California Greens will initially offer a product line based on both our personal direct experience in operating a medical cannabis delivery enterprise, and on our ongoing research of the California market.

Specific product types will range from flower, pre-rolls, edibles, tinctures, concentrates, topicals and extracts. We anticipate that the percentage of sales of flower will make up 36% of our sales and manufactured products will make up 64% of our sales.

**We will only stock products that meet all relevant laws and directives. Products that are sold in similar operations in CA include:**



Over the course of our past experience in the cannabis market, we have established relationships with licensed supply chain operators with strong reputations for providing safe products and we intend to re-initiate contracts with them, as well as newly emerged

distributors, once we have been licensed.

### A.3.11 Delivery

#### A.3.11.1 Delivery Vehicle Safety Requirements

Company's delivery vehicle ("Vehicle") shall be an environmentally friendly hybrid vehicle owned by the Applicant and insured at or above the legal requirement for the State and capable of securing (locking) cannabis goods during delivery. The Vehicle shall be outfitted with a dedicated Global Positioning System ("GPS") device and interior cameras as described below. The Vehicle will not display advertising or symbols visible from the exterior of the Vehicle that suggest the driver or Vehicle is used for the delivery of cannabis. This will also provide safety and discretion to Customers by being inconspicuous when performing deliveries.

Central California Greens shall provide to City and maintain an accurate database of the Vehicle, which includes the following information: Vehicle's make, model, color, VIN, and license plate number. Additionally, Company shall maintain proof of ownership or lease of the Vehicle and proof of insurance as required by Section 5.42.220.B2 of City Cannabis Laws. Company will update the City within thirty (30) days of any changes to the above information related to any Vehicle.

All cannabis goods shall be stored in the trunk of the Vehicle or within a fully enclosed cage that will be built in and bolted into the rear storage cab during delivery operations for security and to keep cannabis goods from being visible to the public. **No** portion of the enclosed cage shall be comprised of any part of the body of the Vehicle. Delivery employees shall store all cash while in active delivery mode in a safe mounted and bolted to the Vehicle with access through a four to six (4-6) digit keypad. The safe will be enclosed within the cage where cannabis goods are stored. All cash collected while out on deliveries will be put directly into the safe.

The Vehicle shall also be capable of being temperature controlled if perishable cannabis goods are being transported.

The Vehicle will be equipped with a vehicle alarm system that will be active anytime the Vehicle is unoccupied or if an employee is assembling an order in the back of the vehicle to maximize safety and security of personnel, cash, and inventory. The Vehicle will have Slicklocks, if compatible, installed on doors where cannabis goods are stored for added security. The Vehicle shall be equipped with SecuriLock Passive Anti-Theft System (PATS) and/or a Lo-Jack-like system to prevent the vehicle from being stolen.

#### A.3.11.2 Delivery Drivers Safety and Security Requirements

- A. Delivery drivers **shall not** consume, or be under the influence of, cannabis, controlled substances, drugs, or alcoholic beverages while operating a Vehicle. Delivery drivers shall be at least twenty-one (21) years of age and have and maintain clean driving records without any material citations.

- B. The delivery Vehicle drivers shall ensure that cannabis goods are not visible to the public from the exterior of the Vehicle. The delivery drivers will be outfitted with nondescript shirts that have no visible symbols that suggest the driver is delivering cannabis goods so as to not draw attention to the product or cash being exchanged.
- C. In addition to internal training, delivery drivers will be required to obtain a guard class card and complete transportation security training through a licensed security training center guard card class prior to engaging in deliveries on behalf of Central California Greens. This will allow the drivers to protect themselves while out on deliveries and to be better aware of their surroundings. Delivery drivers will carry cannabis goods in non-descriptive odor-proof backpacks that will be sealed until they have verified the Customer's identification. Once the Customer has been verified the driver will open the bag and deliver the package that meets all State required exit packaging standards.
- D. Delivery drivers will not deviate from the delivery path, except for necessary rest, fuel, or vehicle repair stops, or because road conditions make continued use of the route unsafe, impossible, or impracticable. In the case of dynamic delivery, drivers may deviate from their path when an order is received as long as it is within a thirty (30) minute interval. Delivery drivers will only deliver cannabis goods to a verified physical residential address in the City not owned by a public entity and will under no circumstances leave the State of to complete a delivery or delivery attempt. Deliveries shall only occur between the hours of 8:00 am and 9:00 pm PST unless the residential property is located within six hundred (600) feet of a public or private K-12 school, in which case deliveries will not take place until after 3:00 pm if it is a weekday.
- E. All delivery employees, during deliveries, will carry a copy of the retailer's current local and State license/permit, the employee's government-issued identification, a copy of each delivery invoice, chain of custody records, and their Central California Greens-issued identification badge. The identification badge will include the following information: (a) Company's name; (b) Company's logo; (c) Company's license number; (d) full name of the employee; (e) their individualized ID number; and (e) a color photograph that clearly depicts the employee's face and is at least 1 inch in width and 1.5 inches in height. The badge will not be displayed when the driver is outside of the vehicle.
- F. Each driver will leave the Facility with a limited amount of cash in assorted small bills solely to allow for making change. Customers will be requested to provide exact change for payment. When the delivery driver is outside of the vehicle making the delivery, they will only have the money for making change and the single delivery order with them at any time.
- G. Central California Greens understands that sometimes no matter how many safety and security measures are taken that theft and robbery can still occur. In the event a delivery driver is held up with a deadly weapon we advise them to not try to forcefully engage with the perpetrator and simply allow them to take whatever they are after. As soon as the perpetrator leaves, we advise our



drivers to immediately call 911 and report the incident to the local authorities.

#### **A.3.113 Cannabis Payload Limitations**

During deliveries, drivers **shall not** carry a total of more than five thousand dollars **(\$5,000.00)** in finished cannabis goods as determined using the retail price of all finished cannabis goods carried by the driver and delivery vehicle. The delivery vehicle's payload of finished cannabis goods for which a delivery order was not received and processed prior to the delivery employee departing from the Facility **may not** exceed three thousand dollars **(\$3,000.00)**.

#### **A.3.11.4 Patient and Customer Safety**

Central California Greens shall take the necessary steps to not only ensure that the drivers are safe, but also the Customers we will be serving. We will take the following measures to protect our Customers:

Once the Customer has been verified and their order confirmed, they will be sent a confirmation via text, phone, or email with the following information:

- A. The estimated time of arrival;
- B. The full name of the delivery driver dropping off the cannabis products;
- C. A direct contact number for the delivery driver dropping off the cannabis products.

Upon the delivery driver's arrival at the physical address, they shall text or call the Customer letting them know they have arrived.

#### **A.3.11.5 Customer and Patient Validation Procedures**

Central California Greens will use the same validation procedures as described in section A.3.1 Customer Intake and Validation (above) prior to confirming a delivery. This verification process for delivery is done through the track and trace system, FLOWHUB, in which the Customer uploads a photo of their ID directly to the system via the app or website. The Customer can also send a photo via text. This will allow the Company to verify the Customer's identity and age. If the Customer is not able to send a photo, the delivery driver must verify identification upon arrival to the delivery location. In the case of delivering to a medical patient, they must present their doctor's recommendation upon their first delivery. The Company shall maintain a copy of the physician's recommendation or patient's medical card, as described in Health and Safety Code Section 11362.71 through 11362.77, for a period of seven (7) years. Only when the Customer is verified will the driver open the bag and deliver the package that meets all state-required exit packaging standards. In the case of a primary caregiver, valid written confirmation will also need to be uploaded to the FLOWHUB system as well as be presented upon the delivery driver's arrival.

The verification details shall be stored in the FLOWHUB track and trace system for future use and for access by the delivery drivers on Company issued tablets connected to the FLOWHUB secured system.

#### **A.3.11.6 Tracking and Maintaining Communication with Delivery Drivers**

The delivery vehicle shall be outfitted with a dedicated GPS device for identifying the



real-time geographic location of the delivery vehicle. The GPS will be permanently affixed to the delivery vehicle and will remain active and inside the delivery vehicle at all times. The Facility Management or Security will monitor the GPS system to ensure the delivery driver is not diverting from their route and only stopping at verified addresses.

The delivery vehicle will be outfitted with cameras to record the interior of the vehicle. One camera will be affixed in the driver's cabin and the other in the back of the vehicle. The delivery vehicle cameras will be monitored by security staff at the dispensary.

The Applicant shall utilize the industry's leading seed to sale point of sales technology platform, FLOWHUB, that integrates with METRC and the vehicle's GPS system to track, record, and store the following information:

- A. The time that the driver and vehicle departed the Facility;
- B. The time that the driver and vehicle completed a delivery to the Customer;
- C. The time that the driver and vehicle returned to the Facility;
- D. The route the driver and vehicle traveled between departing and returning to the Facility;
- E. For each individual delivery transaction:
  - The identity of the driver, delivery vehicle, identity of the Customer, and their total purchase history to ensure daily limits are preserved;
  - The type and quantity of cannabis goods purchased and sold;
  - The dollar amount charged and received by the driver for the cannabis goods purchased.

Central California Greens will also keep track of the driver by using the FLOWHUB software to see the exact time deliveries have been fulfilled and dropped off to Customers.

Additionally, the delivery driver shall maintain a log including all stops made from the time the vehicle leaves the Facility to the time of return back to the Facility and the reason for each stop. This log shall be turned into the Delivery Manager upon return and kept in accordance with Company record-keeping policies.

#### **A.3.11.7 Verifying Deliveries and Providing Accurate Manifest for Audit Purposes**

Central California Greens employees shall compile and pre-assemble orders at the Facility for the purpose of placing delivery vehicles and drivers on delivery routes that maximize the number of transactions that the driver can complete on a particular route or set of routes. Under this model, delivery vehicles shall not leave the Facility unless there is a scheduled order to be fulfilled.

Before leaving the Facility, the delivery driver shall have a delivery inventory ledger of all finished cannabis goods provided to the delivery driver. The delivery inventory

ledger shall include the following pieces of information for each cannabis product:

- type of cannabis good;
- the brand of the cannabis good;
- the retail value of the cannabis goods;
- the track and trace identifier - UID; and
- the weight, volume or other accurate measure of the cannabis goods.

All orders received and processed by the Applicant prior to the delivery driver's departure from the Facility will be clearly identified on the inventory ledger. After each delivery, the ledger will be updated through FLOWHUB to reflect the current inventory in possession of the delivery driver.

Upon returning to the Facility, all undelivered cannabis goods shall be returned to inventory by the Inventory Manager and any track-and-trace records that were not able to be electronically recorded shall be updated by the end of the day.

The Applicant shall always maintain a physical copy of the delivery request in the vehicle, and the driver shall make it available to agents or employees of the City upon request. The driver shall provide written or electronic documentation of the delivery transaction to the Customer upon completion of the sale and purchase of finished cannabis goods. The delivery request/invoice will include the following information:

1. Central California Greens's name, license number and Facility address;
2. the first name and employee number of the delivery driver who delivered the order and the employee who prepared the order;
3. the first name and uniquely identified number of the Customer who requested the delivery;
4. the date and time the delivery request was made;
5. the delivery address;
6. a list of all finished cannabis goods requested for delivery including:
  - a. weight
  - b. volume, or
  - c. any other accurate measure.
7. the total amount paid for the delivery, including
  - a. any taxes or fees,
  - b. the cost of the finished cannabis goods, and
  - c. any other delivery charges;
8. upon delivery, the handwritten or electronic signature of the customer who received the delivery; and
9. upon delivery, the date and time the delivery was made;

Each delivery will also contain required educational hand-out materials via a link to Central California Greens website. These materials will provide information regarding the name and type of product purchased, instructions for use, and expected effects. Additionally, information regarding edible cannabis products and cannabis concentrate products will include safe storage and use and warnings against child

access and exposure, of potential side effects concerning brain development of individuals under the age of twenty-five (25) years, and of potential harm to pregnant women. Further, Company shall notify all Customers in writing, likely in the form of a receipt of the following:

1. "The sale or diversion of cannabis or cannabis products without a permit issued by the City of Lathrop is a violation of State law and Lathrop Municipal Code."
2. "Secondary sale, barter, or distribution of cannabis or cannabis products purchased from a permittee is a crime and can lead to arrest."
3. "Warning: the use of cannabis or cannabis products may impair a person's ability to drive a motor vehicle or operate heavy machinery."
4. "CALIFORNIA PROP. 65 WARNING: Smoke of cannabis and cannabis-derived products will expose you and those in your immediate vicinity to cannabis smoke. Cannabis smoke is known by the State of California to cause cancer."

## A.4 Conformance with Local and State Laws

Central California Greens commits to operate, in all ways necessary and possible, in full conformance with current local and state laws, and to maintain compliance over time as and if either source modifies its requirements.

### A.4.1 Compliance and Legal Team

Compliance in the cannabis arena is both transactional and via statute. Central California Greens has engaged Jennifer McGrath as our Legal Counsel and CannaLicensed Consultants will serve as our compliance and operations expert. CannaLicensed Director, Corey Travis has had hands-on managerial experience for multiple commercial cannabis retail shops, in Sacramento, Stockton, Palm Springs, and several other jurisdictions. He oversaw the transition from locally regulated to state-regulated compliance operations in the wake of Proposition 64.

### A.4.2 Industry Best Practices for Retailer

Central California Greens will fully comply with Applicable Law, specifically, but not limited to Lathrop Municipal Code LMC 5.26.090 and 5.26.100 as well as State Cannabis Laws, any restrictions imposed by the City of Lathrop, Planning Commission, Council, or other governmental agency with purview over the operation, and ensure those conditions are strictly followed by all managers, employees, and agents:

- A. We will diligently pursue, obtain and maintain all required City licenses, including Cannabis Business Permit, Conditional Use Permit, along with all requisite State licenses, State seller's permit, local building permits, and other applicable permits and approvals. Central California Greens shall not alter the size of our premises without an approved amendment to our Cannabis Business Permit.
- B. Central California Greens Owners and managers shall only hire employees that are at least twenty-one (21) years old.
- C. Central California Greens shall sell from its Retail Dispensary, Adult and Medical-Use Cannabis or Cannabis Products (hereinafter referred to collectively as 'cannabis products') only to customers that are verified with a government-issued ID to be at least twenty-one (21) years old or to qualified patients at least eighteen (18) years old with a verified governmental-issued ID and required doctor's recommendation and/or County-issued Medical Marijuana Identification Card ("MMID") in compliance with Health and Safety Code 11362.71. Central California Greens shall not allow physicians on-site to evaluate patients or provide medicinal cannabis recommendations. We shall post signage at the door barring entry to any persons under the age of eighteen (18) years old unless they are a qualified patient and accompanied by a parent or legal guardian. No person under the age of twenty-one (21) shall be allowed on the premises unless they are a qualified patient.
- D. Central California Greens will at all times, during regular business hours of 8:00 am to 9:00 pm, Sunday through Saturday (or as further restricted by the City's Planning Commission), conspicuously display our (i) Cannabis Business Permits and (ii) Cannabis Public Safety License so they may be seen by all entering the premises.

E. Central California Greens will not hold or maintain a license from the State Alcoholic Beverage Control or operate a business on Retailer premises that sells alcoholic beverages, or that otherwise allows the possession, distribution, or consumption of alcoholic beverages, nor shall Applicant be a retailer of tobacco products.

F. Further, Central California Greens shall conduct Deliveries, as more particularly described in the Delivery Section herein.

G. Central California Greens shall operate at all times in compliance with the City's and State's Cannabis Laws and regulations, including, but not limited to specifically not selling: (i) more than 28.5 grams or one (1) ounce of non-concentrated cannabis in a single day to a single customer; (ii) more than eight (8) grams or eight thousand (8,000) milligrams of cannabis concentrate, including cannabis concentrate contained in cannabis products, in a single day to a single customer; (iii) more than six (6) immature cannabis plants in a single day to a single customer; (iv) edible cannabis products containing more than ten (10) milligrams of THC per serving; (v) edible cannabis products containing more than one-hundred (100) milligrams of THC per package or (vi) cannabis products that are in the shape of a human being, either realistic or caricature, animal, insect or fruit. All cannabis shall be only sold as pre-packaged consumer products, in a uniform amount per package, shall be placed in a child resistant exit packaging and Central California Greens shall make available for sale or provide information on how to obtain lock bags for more securely protecting cannabis from unintended third parties. Further, Central California Greens shall only have readily available for sale in our sales area only that quantity of cannabis products reasonably expected to meet daily demand. Additional cannabis products shall be stored in our secured and locked inventory storage area which customers, vendors, and visitors shall not be able to access.

H. Central California Greens also shall refrain from providing free cannabis products to any Person, specifically including any 'buy one, get one free' promotions and refrain from the illegal redistribution or sale of cannabis products obtained, or the use or distribution of cannabis products which in any manner which violates City or State Cannabis Laws.

I. Central California Greens will at all times ensure proper odor control procedures are in place to ensure odors are not detected outside of the retail location by use of a carbon filtration HVAC system, double-doors and other methods as required to ensure odor compliance.

J. Central California Greens will at all times fully comply with our Security Plan as provided in Section D of this Application and implemented by our Security Advisor, Matt Carroll of Carroll Security. As part of our Security Plan, Central California Greens shall have uniformed and BSIS-licensed security personnel (21 and older) present at all times to ensure patrons strictly adhere to onsite anti-consumption rules and do not loiter on or about the premises and comply with all such restrictions or are reported to the appropriate authorities and potentially banned from future visits for failure to heed warnings. Additionally, all restrooms shall always remain locked and under the control of our management team.

K. Central California Greens will ensure that all advertising and signage fully complies with State Cannabis Laws, including specifically Section 26151 of the B&P

Code and City's Code, including specifically Chapter 6.40. Further, we shall only sell drug paraphernalia in compliance with Health and Safety Code Section 11364.5.

L. All records related to the Cannabis Business including but not limited to records of finance, personnel, training, contracts, permits, security, waste, and inventory shall be kept for a period of seven (7) years. Financial records shall be kept electronically and specifically contain a ledger of all cash, receipts, credit card transactions, reimbursements, and any and all reasonable compensation for services provided by Central California Greens as well as operational expenditures and costs incurred by Central California Greens. All records will be made available to City police or finance department representatives during regular business hours.

M. All our POS areas and areas where cannabis goods are displayed for sale shall be recorded on our video surveillance system and the video recording shall allow for facial recognition of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to identify.

N. Limited Access Areas. Central California Greens shall establish limited-access areas and permit only authorized individuals to enter the limited access areas. Only employees, as well as vendors, contractors or other individuals conducting business on the premises that require access to such areas and are accompanied by a Central California Greens employee shall be granted access. Any non-employees that enter such limited access areas will be escorted and their visit logged and stored to be provided to City Police upon request.

O. Educational Materials. Central California Greens shall provide written materials to all customers regarding each product sold, instructions for use and its effects along with how to store such products, and warnings against child access. Additionally, materials will explain potential side effects concerning brain development and warnings of potential harm to pregnant women.

P. Central California Greens will train all employees and management team members who interact with customers within our first year of operation and within the first year of each employee's hiring to ensure competency. As referenced in subsection L above, we will exceed the two-year requirement for maintaining such records and instead store them for up to seven (7) years so they may be provided to the City Manager upon request.

#### **A.4.3 General Cannabis Business Operating and Conduct Requirements**

In addition to the specific requirements that Central California Greens will follow as a Retailer, there are general operating and conduct requirements that we shall adhere to as a licensed commercial cannabis business to ensure the safety of customers, neighbors, and staff. First and foremost, there will be a strict policy against onsite consumption of cannabis products along with a complete prohibition against the sale, dispensing, or consumption of alcoholic beverages or tobacco products on the Facility's premises. Central California Greens shall take all reasonable steps to prevent the use and consumption of cannabis on the premises.

To limit unwanted exposure to those under twenty-one (21) years of age and for other safety reasons as determined by the City, at no time shall cannabis be visible from the exterior of



our premises or from any vehicles owned or used by Central California Greens as part of its business or delivery operation. Furthermore, Central California Greens will never store cannabis products or engage in retail activities outside of our Facility at any time. All cannabis products and retail activities shall be at all times take place ONLY within the Facility with secured access areas that will be locked and under physical security personnel protection, along with various other security safeguards as detailed in Central California Greens’s Security Plan.

Central California Greens has entered into a contract with FLOWHUB, one of the State’s leading point-of-sale inventory tracking system and customer flow management system to track and report on all aspects of our business, including inventory, cannabis tracking via UIDs, gross sales (by weight/volume and by sale), customer flow data, including waiting times, purchase history and limitations and such other information as deemed necessary by the City. FLOWHUB is compatible with the State’s METRC system and will be capable of compatibility with any system utilized by the City as well for record-keeping purposes, all the while providing historical transactional data for review, as necessary.

As part of Central California Greens’s standard operating procedures (“SOPs”), Central California Greens will ensure that all cannabis products sold shall be cultivated, manufactured, and transported by only licensed Commercial Cannabis businesses in good standing and that maintain in full conformance with City and State Cannabis Laws, California Department of Food and Agriculture (“CDFA”), and/or California Department of Public Health (“CDPH”), as applicable. Further, Central California Greens shall have an Operator on premises during all hours of operations and shall provide to the City Operator the name and telephone number (including cell phone number) of an on-site Operator to whom emergency notice may be provided twenty-four (24) hours per day.

A notice will be conspicuously posted within the premises letting all patrons know that any consumption, including smoking or ingesting of cannabis products on the Facility’s premises is strictly prohibited. Along with such warning notice, Central California Greens shall display our Cannabis Use Permit, Cannabis Public Safety License and other City Business Licenses within the premises in a conspicuous place readily visible by the public. Further, Central California Greens shall ensure it maintains a Seller’s Permit at all times during operations. Finally, we will not host, partake and/or support Cannabis Temporary Events within the City, as described in the B&P Code Section 26200, until expressly authorized.

#### **A.4.4 General Business Regulations**

Central California Greens will not only comply with cannabis-specific laws and regulations but will ensure we fully comply with all rules, regulations, and laws imposed upon all legal businesses within the City. This shall include restrictions imposed at a federal, state, or local level (outside of cannabis-specific laws and regulations). For instance, in addition to all cannabis licenses, Central California Greens shall ensure through operation we maintain all required and applicable planning, zoning, building, and other applicable licenses, permits, and approvals from relevant City departments and divisions. Further, Central California Greens shall ensure full compliance with the Americans Disability Act (“ADA”) as well all other applicable local, state, and federal laws pertaining to people with disabilities and shall

refrain from discriminating or excluding patrons or employ discriminatory hiring practices in violation of all applicable laws. Central California Greens shall pay in a timely manner for all licenses, fees and charges associated with the operation of a Commercial Cannabis Business as resolved by the City Council, as amended from time to time in addition to timely paying all taxes, including but not limited to all sales, use, business taxes and all other fees as required under federal, state and local law. Further, Central California Greens shall fully comply with any City requests for audits of our records to ensure compliance with Applicable Laws.

## **A4.5 Marketing Plan**

Central California Greens will ensure marketing is done in age-appropriate channels, abiding by State and Local rules. Central California Greens shall NOT advertise in a medium geared towards youth, or utilize graphics or depictions which may be similar to cartoons, candy, or the like. Industry specific channels, such as age-verified subscription based services and directories like: Weedmaps, Leafly, etc. are platforms designed to attract specific demographics. Signage will be discrete and in accordance with Lathrop Municipal Code.

## **Emergency Contact**

Donald Jiminez, shall serve as the Emergency Contact. As a local, and owner of the business, he can be reached 24 hours / day.

## **A.5. Inventory Control Procedures**

### **A.5.1 Cannabis Inventory Control and Track and Trace Technology System: FLOWHUB**

Central California Greens intends to utilize FLOWHUB, a state-of-the-art METRC-compliant point of sale and inventory tracking information technology system (a “track and trace system”) that will provide technical infrastructure for the retail sale of cannabis goods at the Storefront Dispensary with delivery. At its most basic technical level, the track and trace system tracks and records unique identifiers (“UIDs”) assigned to cannabis goods. The track and trace system shall be capable of producing historical transaction data for review and is compatible with the State’s track and trace provider, METRC. FLOWHUB will be used to track and report on all aspects of our retail commercial cannabis business including, but not limited to, customer tracking, cannabis tracking, inventory data, gross sales (by weight and by sale), and other information which may be deemed necessary by the City. As indicated on our floor plan, we will utilize eight (8) Point-of-Sale locations. Prior to entering into a contract with FLOWHUB, Central California Greens will confirm the system is compatible with the City’s record-keeping systems and will obtain written approval and authorization by the City Manager or designee.



**A.5.1.1 How FLOWHUB Interacts with METRC**

- A. Sales are reported in real time to the State track and trace system, METRC.
- B. Central California Greens is insulated against METRC outages with a proprietary automation layer.
- C. Built-in tools safeguard Central California Greens from selling above state-specific purchase limits.
- D. Taxes are collected dynamically based on product type, customer classification, and delivery destinations.

**A.5.1.2 Track and Trace System METRC Requirements**

- A. Central California Greens shall create and maintain an active account with METRC prior to buying or selling any cannabis goods.
- B. Central California Greens's Owner and Director of Operations, Charles Burton shall serve as the initial Inventory Control Manager shall serve as the Applicant's designated METRC track and trace administrator. All Managers will undergo METRC training.
  - 1. The designated track and trace administrator (Inventory Manager) may authorize additional representatives ("Inventory Control Agents") to obtain track and trace system user account access and credentials.
  - 2. Each Central California Greens employee who is authorized to access the track and trace system on behalf of the Applicant, shall obtain his or her own unique track and trace system user log-on and password only after having successfully completed the track and trace training.
  - 3. Only authorized representatives of Central California Greens shall log into and submit information to the track and trace system using a log-in that has been assigned to that licensee representative.
  - 4. Central California Greens management shall maintain a complete and accurate list of all track and trace system users, consisting of their full names and usernames. This will allow for proper tracking of inventory and further protection against diversion of products.
  - 5. All managers and owners will be required to take part in METRC training in a timely manner. The Bureau of Cannabis Control ("BCC") Primary Contact shall sign up and complete this training within five (5) calendar days of license issuance by the BCC.
- C. Central California Greens shall ensure that only authorized individuals are able to access the track and trace system.
- D. Central California Greens shall accurately record all transactions involving the purchase, sale, physical movement, or destruction of cannabis goods into the track and trace systems.
- E. Central California Greens shall enter all transactions into the track and trace system no later than the end of the day that the transaction occurred, but BEST practice will be encouraged to enter into the system in real-time.
- F. If, for any reason, METRC is inaccessible, the Applicant can rely on FLOWHUB in order to create and maintain records detailing all transactions that would have been entered into the track and trace system. Upon the restoration of access to METRC, all transactions that occurred while access to the track and

trace system was not available shall be accurately entered into the track and trace system within three (3) business days. During any period of inaccessibility Central California Greens will not receive any finished cannabis goods until access is restored and everything is updated into the system.

- G. Central California Greens shall only enter accurate information into the track and trace system and shall correct any known errors in the information entered into the track and trace system by the Applicant immediately upon discovery with verification to METRC.
- H. Central California Greens staff will reconcile its physical inventory of finished cannabis goods with the track and trace data at a minimum of every thirty (30) calendar days as required by the BCC. If there is a significant discrepancy (a significant discrepancy is deemed anything over three percent (3%) of the average monthly sales (“AMS”), in accordance with the BCC Regulations (“Regulations”). AMS will be calculated by taking a per month average of the total sales for the previous six (6) months. Until there are six (6) months of operational sales only the months in which there were sales will be used in determining the AMS.) between the physical inventory and the track and trace system, this will trigger the Inventory Control Manager to perform a full audit of its inventory and contact the BCC with the findings.

#### **A.5.1.3 Intake of Cannabis Goods Inventory**

Central California Greens will enter into distribution agreements with DCC-Licensed Distributors for the procurement of cannabis goods. Executed copies of such agreements will be kept on file at the Facility. As we are equipped to receive deliveries out of public sight (within our locked Facility through a rear loading door), deliveries can occur during all business hours but will be scheduled when possible, first thing in the morning when customer flow is the slowest. Central California Greens ensures that inventory receiving will not be visible to the public, regardless of time of delivery. All distribution/delivery personnel will be escorted by security, to the secure loading area. The unloading of finished cannabis products will be monitored by an Inventory Control Agent and at least one (1) security guard. No shipments of goods may be accepted before 6:00 a.m. and after 10:00 p.m. pursuant to BCC Regulations § 5422(b). Upon receipt of cannabis goods from a licensed Distributor, Central California Greens shall enter the following information into FLOWHUB with an Application Programming Interface compatibility function to allow for METRC data entry, which is required to be provided by the authorized Distributor on their invoice and shipping manifest (such that any discrepancies will be immediately reported to the Distributor):

- A. The Cultivator or Manufacturer as applicable, and Distributor’s name and state license number, and direct point of contact. This information shall be verified by a Central California Greens Inventory Control Agent using the BCC, California Department of Fish and Agriculture (“CDFA”), or California Department of Public Health (“CDPH”) licensing web portal.
- B. Name and type of cannabis goods.
- C. Amount received, by weight or count, and total wholesale cost, as applicable.
- D. Best-by, sell-by, or expiration date of the batch.

- E. The person who holds title to the cannabis goods.
  - F. The date and time of receipt of the cannabis goods.
  - G. The UIDs associated with the cannabis goods.
  - H. Any other information required elsewhere by the State or City Cannabis Law.
- Inventory Control Agents are responsible for inspecting all incoming cannabis goods and verifying that the packaging and labeling of all goods intended for retail sale complies with Central California Greens’s internal Cannabis Product Packaging and Labeling policy, which can be made available upon request. The Inventory Control Agent will confirm that the COA from a licensed testing laboratory matches the primary panel percentages of THC and CBD. After the information is recorded in FLOWHUB an electronic copy of the shipping manifest and invoice are sent to accounts payable. A hard copy of the invoice (with the shipping manifest attached) and the COA will be stored onsite in a “Receiving Binder” or scanned and stored via cloud-based storage in accordance with Central California Greens’s record-keeping policy outlined in our Record-Keeping Policy as attached hereto as an Exhibit. The information will also be logged into METRC via the FLOWHUB platform.

#### **A.5.1.4 Retail Sale of Cannabis Goods**

Upon the retail sale of cannabis goods to a Customer, Central California Greens shall enter the following information into the track and trace system:

- A. Whether the Customer is a patient, caregiver, or adult-use customer (the FLOWHUB system stores this data along with photo identification and expiration of recommendation, if a medical patient).
- B. The name or internal identification number (for repeat visitors) of the Customer who made the purchase.
- C. The date and time of the transaction.
- D. The identification of the budtender/sales associate who conducted the transaction.
- E. A list of all of the cannabis goods, including a description of the quantity purchased.
- F. The UIDs associated with the cannabis goods.
- G. The total dollar amount sold from each package before tax and after any discount, if applicable.
- H. Any other information required elsewhere by the State or County Cannabis Laws.

#### **A.5.1.5 Return of Cannabis Goods by Customers**

Central California Greens shall implement a customer-friendly return policy for finished cannabis products purchased by Customers so that we and our licensed distributors will be made aware, as soon as possible, of (i) any consumer complaints associated with the finished cannabis goods or (ii) the possibility that the finished cannabis goods may be defective, misbranded or adulterated.

After accepting the returned finished cannabis goods from a Customer, we will immediately contact the distributor and the testing laboratory that provided the COA of the finished cannabis goods, if applicable, and work to determine the next appropriate step, which may entail (i) destruction and disposal of the cannabis

product at the Facility; (ii) transferring the returned products back to the licensed manufacturer/distributor; and/or (iii) institution of recall procedures.

Upon the return of cannabis goods by a Customer, Central California Greens shall enter the following information into the track and trace system:

- A. The name of the Central California Greens employee who processed the return.
- B. The name of the Customer who made the return.
- C. The date and time of the transaction.
- D. A list (and if possible a picture) of all of the cannabis goods, including a description of why the product was returned and the quantity.
- E. The UIDs associated with the cannabis goods.
- F. Any other information required elsewhere by the State or County Cannabis Laws.

The returned cannabis goods shall be placed in the Facility's quarantine area for a minimum of twenty-four (24) hours. The cannabis goods shall be set for destruction.

**A.5.1.5.1 Return of Cannabis Goods to Distributors**

Upon the return of cannabis goods to a licensed distributor, a Central California Greens inventory employee shall enter the following information into FLOWHUB:

- A. The distributor's name and license number.
- B. Type and kind of cannabis goods.
- C. Amount received, by weight or count.
- D. Best-by, sell-by, or expiration date of each item or product returned.
- E. The date of return of the cannabis goods.
- F. Explanation of defect, recall or reason for return of cannabis goods.
- G. UIDs associated with the cannabis goods.
- H. Any other information required elsewhere by the State or County Cannabis Law.

**A.5.1.5.2 Destruction of Cannabis**

Upon the destruction of cannabis goods Central California Greens Inventory Control Agent shall enter the following information into FLOWHUB:

- A. The name of the Central California Greens employees (two staff members at all times) who performed the destruction.
- B. The date and time of the destruction.
- C. Name and type of the cannabis goods.
- D. The UIDs associated with the cannabis goods.
- E. Amount of the cannabis goods, by weight or count, and total wholesale cost of the cannabis goods, as applicable.
- F. The reason for the destruction and disposal.
- G. The entity disposing of the cannabis waste. Whether self-hauling or using a third-party company, we shall obtain contact and receipts of drop-offs.
- H. A description for any adjustments made in the track and trace system, including, but not limited to spoilage or fouling of the cannabis or any

event resulting in damage, exposure, or compromise of the cannabis goods.

- I. Any other information required elsewhere by the State or City Cannabis Laws.

#### **A.5.1.6 Recall Procedures**

Given that Central California Greens will not produce (*i.e.*, cultivate or manufacture) or distribute finished cannabis goods but, rather merely offer for retail sale finished cannabis goods produced by other licensed vendors to qualified Customers, our primary responsibilities in the event of a recall will be to (i) collect information from Customers and pass that information to other parties in the supply chain, (ii) inform Customers who purchased the recalled product, and (iii) to offer the Facility as a drop-off point and waypoint for the transfer and/or disposal of the recalled finished cannabis products. While the BCC does not provide express guidance on recall procedures, we will notify customers within 24 hours of notice of such a recall by utilizing the POS records to contact potentially affected customers, as well as posting notices physically, and electronically.

Central California Greens's track and trace system, FLOWHUB, will have the ability to pull the contact information from each customer that purchased the recalled product so they may be immediately contacted. Employees and management will email and/or call each Customer to notify them of the recall and provide details as to how they can return the product to the dispensary. Once the recalled product is received at the Facility, we will follow the distributor's instructions to properly return or destroy the product preventing diversion. In the case that a manufacturer chooses to have Central California Greens destroy a cannabis product on-premises, we will do so in accordance with CDPH regulations section §40297 by quarantining the product for a minimum of seventy-two (72) hours prior to rendering it unusable and unrecognizable as described in our Waste Procedures Plan.

### **A.5.2 Inventory Storage**

#### **A.5.2.1 Storage Areas**

In the Facility, adequate and suitable space shall be provided for the storage of supplies, equipment, and finished cannabis goods. The Secure Storage Area as displayed on our provided site plan will be an alarmed, limited access area for management access only and contain the storage of all cannabis inventory when not in use on the Sales Floor. A janitor's room, off of the employee break room, separated from any cannabis goods storage or staging area, or ware-washing or storage area, shall be provided for the storage of cleaning equipment and supplies.

##### **A.5.2.1.1 Cannabis Goods Storage**

Central California Greens shall store all finished cannabis goods (i) in the completely enclosed and alarmed Secured Product Storage area designed to permit control of temperature and humidity and prevent the entry of environmental contaminants such as smoke and dust, (ii) within alarmed and

locked limited access area the Facility and shall be refrigerated, when applicable, and (iii) are only accessible by authorized personnel with management key fob access. At no time shall cannabis be stored outside.

**A.5.2.1.2 Refrigeration**

Should refrigeration be required for any products, all reach-in and walk-in refrigeration and freezer units in the Facility shall be located within the Secured Product Storage area or and shall:

- A. Be adequate in capacity and usage to meet the needs of the proposed operation and shall;
- B. Have shelving that is nonabsorbent, corrosion-resistant, easily cleanable and shall meet or be equivalent to applicable ANSI standards (wood is not acceptable);
- C. Be provided with an accurate, readily visible thermometer; and
- D. Drain condensate and other liquid waste in a sanitary manner to a floor sink or other approved receptor that is properly connected to the drainage system. Condensate from reach-in refrigerators and freezers may be drained to a properly installed and functioning evaporator.

**SECTION 3: Community Benefit**

Our Team understands the importance of playing an integral role within the communities we serve. If we are honored with the privilege to serve and operate in the City of Lathrop, we plan on being model stewards and neighbors. Our team will be looking to hire 23 employees, many of whom will be hired from right here within the Lathrop community. These team members will be spending their dollars patronizing many of the local surrounding businesses 7 days a week 365 days out of the year, consistently stimulating the Lathrop economy.

For the last 10 years, between the City of Sacramento and Stockton, we have worked with many organizations that serve our youth and seniors throughout the community.

Although recognizing that the tax that the city of Lathrop will be receiving from the opening of our cannabis retail storefront/Delivery. Our Team has worked to ensure that specific needs are addressed, for our Youth, seniors, and veteran populations in the city of Lathrop.

**Lathrop Youth**

Youth play a vital role with the long-term sustainability within a community. They are truly our future. We look to support local youth sports programs, by helping purchase necessary equipment for the specific local petitioning program, support local fundraising efforts by using our clientele base, and setting aside funds annually to help sponsor children that may be economically disadvantaged. No child in the richest country in the world should be left out of participating in extracurricular activities due to financial hardships.

In addition we would like to work with the city of Lathrop, Manteca Unified, Banta, and the San



Joaquin office of Education to do an annual “Say No To Drugs” event at the Lathrop Generation center. We would look to create a fun healthy environment with many activities, with food and music. We would work to bring out mentors and motivational speakers to help inspire our future leadership.

We would further support our local Lathrop Economy by making sure that we use local vendors in producing this event.

### **Lathrop Seniors & Veterans**

The City of Lathrop has done a fantastic job with providing much needed Brown Bag for its senior populations. Our team would look to assist with potentially expanding the Brown Bag giveaways to include our American heroes, our service women and men. Understanding that there is a cost associated with expansions of any program,

We would look to offer incentives to our customers to encourage them supporting food drives at our store. We would offer discounts to our clients for bringing in non-perishable food items, as well as potentially instituting a system similar to what Walgreens is doing by allowing customers to donate their extra change, or round up to the nearest hundred and make donations seasonally.

Furthermore, we would also look to use a portion of the funds raised to go into a pot that could be earmarked for a water bill subsidy for our Seniors and Veterans. Depending on how much is raised, the city could allow for those funds to be used for economically disadvantaged Seniors & Veterans to help offset some cost that may be incurred. Based on some of the past comments from Councilmembers Torres-O’Callaghan, Diallo, and Vice-Mayor Lazard. We feel that making it a priority in supporting our Seniors and Veterans would positively impact our Lathrop community. We will also be offering in store discounts for Seniors, Veterans, Cancer patients and survivors.

### **Neighborhood Relations**

The proposed dispensary is within 1000’ of public transportation, via the bis stop at E Louise and S Harlan Road. This ensures equal access to community members who rely on public transportation.

The Company has identified all entities / businesses within 300’ of the property, and will provide a forum for public outreach and feedback on a bi-yearly basis.

Mr. Donald Jiminez, of Lathrop, will administer the program, and ensure the outreach list is updated and systems of communication properly maintained.





- Daily inspections of the property for trash, graffiti, or other unwanted blight.
- Entry drives, drive aisles, parking and bicycle parking shall be illuminated to a maintained minimum of 1.5 foot candles per square foot of parking area at a 6:1 average to minimum ratio.
- All mature landscaping shall follow the two-foot, six-foot rule. All landscaping shall be ground cover, two feet or less and lower tree canopies of mature trees shall be above six feet. This increases natural surveillance and eliminates hiding areas within the landscape.
- Fences shall be a minimum of six feet in height, constructed of decorative tubular steel, no climb type. This shall apply to newly constructed fencing.
- Any graffiti painted or marked upon the premises or any adjacent area under the control of the applicant shall be removed or painted over with matching paint within 72 hours of being applied.
- The operator shall be responsible for the daily removal of litter from the site.

## Air Quality / Odor Control

### 1. FACILITY ODOR EMISSIONS INFORMATION

#### Odor Emitting Activities

Odors are most commonly associated with unsealed flower. Therefore plant material must be kept in tightly sealed bags in rooms with proper filtration systems. When done according to plan, this should mitigate any potential adverse impacts to air quality.

This plan addresses the impacts of processing and handling cannabis products.

All odor emitting activities are to be performed in sealed rooms equipped with odor control devices operated in “sealed ecosystems”.

#### Phases (timing, length, etc.) of odor-emitting activities

Odors have the potential to be most intense during intake processing.

### 2. ODOR MITIGATION PRACTICES (all based on industry-specific best control technologies and best management practices)

## Administrative Controls

- i. Procedural activities

Cannabis related products are processed, and handled within sealed rooms in the facility. As a secure facility, doors and windows remain closed at all times. Staff is instructed to close doors to sealed rooms after entering or exiting, so the odor control devices can effectively scrub the air.

Cured cannabis arrives fully sealed in final form packaging and is stored in airtight containers with adequate filtration. Displays are kept in scent controlled devices, which also minimize airflow and transmission of odor.

ii. **Staff training procedures**

All new Staff members will be required to attend a company odor control training and orientation. This is a site specific plan that addresses the facilities odor control devices, proper usage, maintenance, and how to report if a device goes offline. Inspection of the odor control devices are part of staff's daily duties.

iii. **Recordkeeping systems and forms**

The company will keep logs of any maintenance, repair, or malfunction of the odor control devices. These logs will be reconciled with reports from the Community Relations Manager. If the company has received calls regarding odor, the facility manager shall cause immediate inspection and testing of the odor control system to verify its status.

## Engineering Controls

- iv. The best control technology for cannabis facilities is carbon filtration. The facility has been equipped with a number of activated carbon filtration devices as noted on the Odor Control diagram. These devices have been fitted to the rooms based on the activity and the potential intensity of odors in each respective room.
- v. The system is designed to utilize 12" F5 Industrial High Output In-line fans (2320 CFM) connected to activated carbon filters. Filters are to be changed every 6 months, or as needed. The following table depicts the volume of each room, and the number of fans needed to obtain the proper number of air changes / hour.
- vi. The facility averages **39** air changes / hour. The number of air changes per hour is dependent on the area's use and the corresponding odor emissions potential. The intensity scale denoted below:

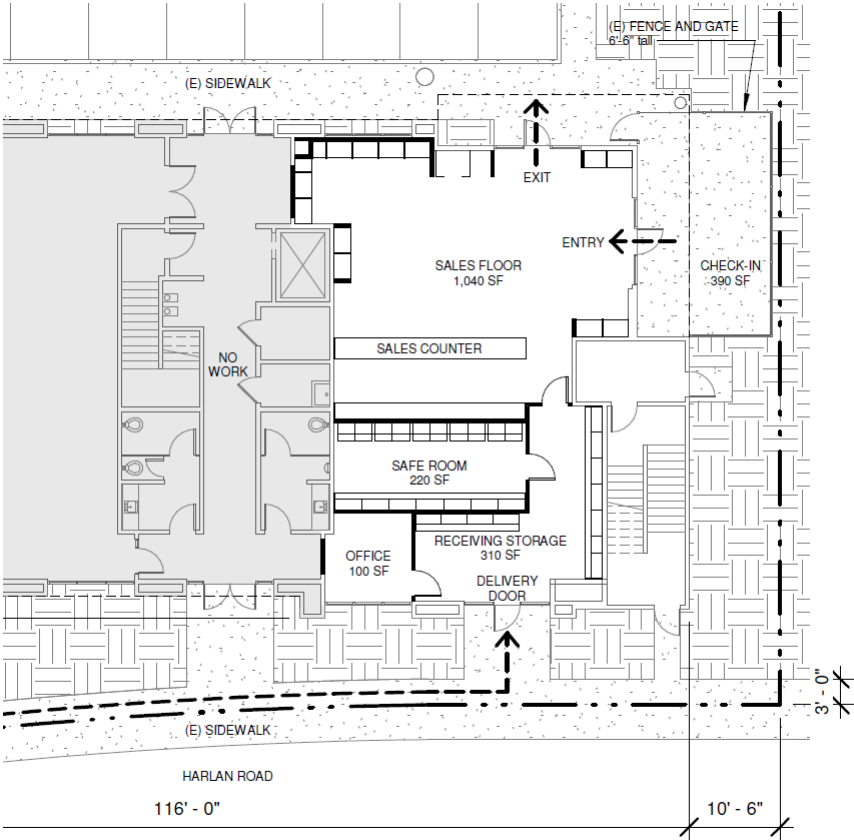
<u>Room</u>	<u>Cubic Feet (volume)</u>	<u>CFM</u>	<u>Fans</u>	<u>Change Per Hour</u>
Vendor Room Cannabis	1060 cubic feet	1160	0.5	66
Storage	2180 cubic feet	1160	0.5	32
Sales Floor	14390 cubic feet	4640	2	19

The system can be expanded to increase the negative pressure of each sealed room as well as the number of CFM’s if needed.

This odor control plan should effectively mitigate any potential adverse impacts to air quality. Its effectiveness will be closely monitored throughout the company’s operation.



Floor Plan



Section 5: Security Plan pages 50-55

RECEIVED BUT OMITTED FROM PUBLIC COPY

- City Attorney

**SECTION 6: Hazardous Materials Management Plan**

N/A.

The Company will not have hazardous materials in sufficient quantities on site, to warrant a Hazardous Materials Management Plan.

**Exhibit 1**  
**SAMPLE SOP**  
**(STANDARD OPERATING PROCEDURE)**

**Cash Handling Policy and Procedures**

**I. INTERNAL CONTROLS**

- A. Access to cash shall be limited and all funds shall be kept secure at all times.
- B. Cash receipts/handling operations are subject to management review. In all instances, one person will check the work performed by another.
- C. All cash receipts must be completely and accurately recorded in the financial records of the Facility.
- D. Appropriate separation of duties shall be employed in all cash operations/handling functions.
- E. All cash receipts shall be deposited daily.

**II. SAFEGUARDS**

- A. Employees shall count all cash drawers and safe transfers in the Internal Transfer Area in the Facility (as viewable on our Security Site Plan) that is not accessible or visible by Customers. Employees shall have direct access from this Internal Transfer Area to a drop safe within the Secure Product Storage room and shall be moved after hours to the Vault by management.
- B. Cashiers shall not count or reconcile cash drawers while standing at the cash register during business hours, but rather shall change out cash drawers in the Internal Transfer Area in accordance with the above.
- C. All change funds and cash register drawers shall be kept in a locked safe within the Vault room when not in use.
- D. Deposits bags shall be stored in a separate, locked section of the safe.
- E. Only the Manager and owners shall have access to the safe combination and the safe room.

**III. CASH DRAWER INTEGRITY**

- The Manager shall assign a register to each employee prior to the beginning of each shift.
- Each employee shall be solely responsible for all transactions completed during their shift on their assigned register.
- Each employee shall open and close their own cash drawer, regardless of the length of his or her shift.
- Sharing registers shall be strictly prohibited

**A. CASH DRAWER OPENING BALANCE**

1. Each cash drawer shall open with a beginning balance of \$250.00 to allow for purchases by Customers or make change for purchases from the Facility.
2. Cash drawers shall be reconciled prior to the start of the shift within the Internal Transfer Area of the Facility to ensure the accuracy of the opening balance (see Subsection G .“CASH DRAWER RECONCILIATION” of this policy for further instruction).



3. Employees may not accept a drawer that they have not had the opportunity to count.
4. Any discrepancies (overage/shortage) in the cash drawer shall be documented and remedied prior to the start of the shift.

#### B. PERFORMING CASH TRANSACTIONS

1. Ring transaction into register.
2. Subtotal sale and tell Customer total amount owed.
3. Take cash from Customer and lay cash on top of the cash drawer. Do not put the Customer's money in the cash drawer until you've counted their change back to them. This avoids any misunderstandings pertaining to how much money was originally given and how much change is needed.
4. Do not accept foreign coins, currency, or foreign travel checks.
5. Enter the amount of cash received, then press the cash tender key on the register.
6. Count out the change to the Customer, if any, by starting with the amount of the sale and counting up to the amount they paid with. Put the change into the Customer's hand whenever possible.
7. Put payment in drawer in appropriate slots; face up in one direction.
8. Close cash drawer.
9. Place merchandise in bag and hand the Customer their receipt.

#### C. CASH DRAWER MAINTENANCE

1. Lay bills and charge slips in tray with all bills and charge slips face up and in the same direction in the cash drawer.
2. Coins shall remain wrapped until needed.
3. Exchanging money between registers is strictly prohibited. Employees shall notify the Manager to request change, if necessary.
4. If additional change is provided, the Employee shall count the change before placing it in the cash drawer.

#### D. CASH PULLS

1. Cash register drawers shall contain only the amount of cash needed for change purposes. Excess cash shall be removed from the drawer and deposited in the safe periodically throughout each shift. Such transfers shall take place only in the Internal Transfer Area out of public's sight for additional security and protection. We shall utilize this out-of-sight area to resist the ability of bad actors from "casing" the Facility and becoming familiar with our procedures.
2. The Manager shall inspect each cash drawer in the middle of each shift to ensure cash drawers are within established limits. Again, such confirmation shall be completed in the Internal Transfer Area.
3. Employees shall discretely notify the Manager in the event of large cash receipts. The Manager shall remove excess large bills in multiples of \$100 and secure them in the safe, clearly labeled with which drawer and shift they came from.

4. Both the Manager and the employee responsible for the cash drawer should count the amount taken from the drawer together to confirm accuracy.

E. CHANGE FUND

1. A "Change Fund" may be established to provide change for payments received for goods or services rendered by the Facility.
2. The Change Fund may not be used to procure goods or services, make cash advances, or for petty cash needs.
3. Change funds must be reconciled on a weekly basis by the Manager.
4. It is the responsibility of the Manager to limit the use of the Change Fund to legitimate and allowable Facility-related financial transactions.
5. Change Funds may not be commingled with other types of Facility funds or personal funds. Change Funds must be approved by the Manager and the amount is the sole discretion of the Manager.

F. CASH DRAWER SECURITY

1. All unattended cash register drawers shall be locked.
2. Keys shall not be left in the register or in plain sight of the Customer.
3. Employees shall log off before leaving a register unattended.
4. In the evening, employees shall ensure all cash is removed from registers and registers are to remain open showing any potential bad actors that all cash has been removed without the need for further damage to the Facility.

G. CASH DRAWER RECONCILIATION

1. Cash drawers shall be reconciled upon opening, shift changes, and closing. This process requires two (2) employees to work side by side to count all cash in the cash drawer. Neither employee shall leave the Internal Transfer Area or the cash drawer in the possession of the other employee, until the cash is secured in the drop safe, Vault room, or returned to the cash register.
2. Cash drawers shall be reconciled one (1) drawer at a time.
3. One (1) employee shall start with the bills of the highest denomination and count the number of bills.
4. Once counted, the employee shall annotate that count on a piece of paper.
5. The second employee shall count the same stack of bills and annotate his/her count on a separate piece of paper.
6. Each employee shall continue through the drawer counting each denomination in the same manner.
7. Once all cash is counted the employees shall compare their counts for accuracy.
8. If reconciling the cash drawer at the beginning of the shift:
  - a. Promptly place and secure the cash drawer in the register.
  - b. Repeat the steps above for each cash drawer prior to opening each additional register.
9. If reconciling the cash drawer at the end of the shift or at closing:
  - a. Complete the Cash Drawer Reconciliation Form

- b. Print and attach a copy of the Industry Standard Software System Closing Report to the Cash Drawer Reconciliation Form.
10. Prepare the Deposit (see below Section 6.1.11 “Deposits”); Place the remaining bills (the beginning balance) into a bank bag and secure the cash drawer and the bank bag containing the next day’s opening balance in the safe.
11. If any drawer has a discrepancy in the count, a recount must take place immediately. If there is still a discrepancy after a recount, the Manager shall investigate and determine the reason for the discrepancy before leaving the store for the day.

#### IV. DEPOSITS

- A. A deposit shall be prepared and secured in the safe immediately after reconciling each cash drawer at closing or at the end of a shift. All cash in excess of the opening balance shall be deposited.
- B. Once confirmed, all cash in excess of the opening balance from that drawer will be placed in an envelope and sealed.
- C. Once the envelope is sealed the date and time shall be placed on the envelope.
- D. The envelope shall be placed in a bank bag and secured in the safe separate from any other funds.

#### V. CASH HANDLING DURING DELIVERY

- A. All delivery orders and payments shall be processed through Applicant’s FLOWHUB system for proper tracking.
- B. Cashless delivery transactions will be utilized whenever possible. This will protect both driver and Customer and shall improve now-desired ‘contactless’ transactions.
- C. When cash is accepted, it shall be stored in the safe, which will be mounted and bolted to the interior of the delivery vehicle.
- D. Drivers shall begin their route with limited cash for purposes of solely providing change.
- E. In accordance with BCC Regulations, the delivery employee shall not carry cannabis goods valued in excess of \$5,000 at any time, with no more than \$3,000 of cannabis goods that are not already part of a Customer order that was processed prior to leaving the Facility.

**Exhibit 4**  
**Record Keeping Policy**

Central California Greens, Inc. (the “Company”)

Policy #: 1.0

**Effective Date**: Upon Commencement

**Revision Date**: June 2021

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RECORD KEEPING POLICY

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**Purpose**: This policy is the method by which the Company shall create and maintain records for their storefront retail dispensary. In compliance with Section 26013 of the California Business and Professions Code, the Company shall utilize the FLOWHUB seed-to-sale software system to ensure a proper track and trace system for their operation.

**Responsible Party**: The Company and its authorized personnel

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POLICY STATEMENT & PROCEDURES

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**I. Policy Statement**

The Company is dedicated to proper, accurate, and confidential record keeping practices consistent with the Medicinal Adult Use Cannabis Regulation and Safety Act (“MAUCRSA”) and Health Insurance Portability and Accountability Act, (“HIPAA”), if applicable, taking into account the State regulations (the “Regulations”) issued by the California Bureau of Cannabis Control (the “Bureau” or “BCC”). In accordance with the above and applicable local cannabis laws, including City of Lathrop (the “City”) Municipal Code (collectively, “Applicable Law”), this policy provides a plan that will provide and ensure safe dispensing, adequate record-keeping and security, theft prevention, and the maintenance of confidential information.

**II. Procedure**

The Company shall utilize the FLOWHUB software system to track and maintain records, which will be readily available to law enforcement and any other official charged with enforcing the provisions of Applicable Law (“Law Enforcement”). Accordingly, Law Enforcement **may enter the Company’s Facility at any time during the hours of operation without notice and inspect the location, records, as well as the recordings and records maintained for seven (7) years in accordance with MAUCRSA.** As a result, all the Company staff shall be notified of this policy and to strictly adhere to its compliance. Company records will be protected from loss, damage, or unauthorized use through the FLOWHUB software system. The Company’s point of sale software shall be compliant with the State Unique Identifier and Track and Trace Program (Chapter 6.5 of Division 10 of the California Business and Professions Code). The Company will also maintain all other

records in compliance with Bureau Regulations.

- A. All records described in this section shall be maintained by the Company for a period of **seven (7) years**.
- B. The Company will utilize the FLOWHUB software system to record purchases including recordation by internal clock, denials of sale, delivery options, and other pertinent records.
- C. The Company shall utilize the FLOWHUB software to maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the Company, and all of its assets and liabilities and on no less than an annual basis at or before the time of the renewal of its cannabis License, or at any time upon reasonable request of the City, submit to the City, in a form approved thereby, a statement, sworn as to accuracy, detailing Company's revenue and number of sales during the previous twelve-month period, or shorter period based upon the timing of the request, provided on a per-month basis. The statement shall also include gross revenues for each month, and all applicable taxes paid or due to be paid.
- D. Further, on an annual basis, the Company shall submit to the City a financial audit of the Company's operations conducted by an independent certified public accountant.
- E. The Company shall also maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the Company and separately of all the Owners, Officers, Managers, employees, agents and volunteers currently employed or otherwise engaged by Company and shall provide to City Manager promptly upon request.
- F. The Company shall also maintain personnel records, including employee training records, certifications, and training acknowledgments including METRC, OSHA, and internal compliance training, as well as security personnel licenses issued by the Bureau of Security and Investigative Services.
- G. As applicable, the Company shall maintain all shipping manifests generated through the track and trace system.
- H. Upon a first visit to the Facility, customer, patient, and/or caregiver (collectively, "Customer") information is entered into Company's electronic identification verification system by a Company employee and will include all required information for the FLOWHUB software system entry including:
  - 1. A scan of Customer's valid government ID;
  - 2. For patients, a current valid physician's recommendation;
  - 3. The Customer's name;
  - 4. The Customer's date of birth;
  - 5. The Customer's emergency contact;
  - 6. This record is dated and signed for all subsequent Customer transactions.

- I. The records shall clearly show the source, amount, price, date, and Distributor of all cannabis products received or purchased, and the amount, price, dates, and Customer for all cannabis sold.
- J. In accordance with Section 26001 of the California Business and Professions Code and Section 5409 of the Regulations, the Company will utilize FLOWHUB to ensure Customers do not exceed the mandatory limits as follows:

Adult-Use Customers:

The Company shall sell **no more** than twenty-eight and one-half (28.5) grams of non-concentrated cannabis in a single day to a single Adult-Use Customer.

The Company shall sell **no more** than eight (8) grams or eight thousand (8,000) milligrams of concentrated cannabis as defined in Section 26001 of the California Business and Professions, including concentrated cannabis contained in cannabis products, in a single day to a single Adult-Use Customer.

The Company shall sell **no more** than six (6) immature cannabis plants (known, commonly as 'clones') in a single day to a single Adult-Use Customer.

Medical cannabis patients or primary caregivers:

The Company shall sell **no more** than eight (8) ounces of medical cannabis in the form of dried mature flowers or the plant conversion in a single day to a single patient or the patient's primary caregiver.

The Company shall sell **no more** than twelve (12) clones in a single day to a single patient or the patient's primary caregiver.

If a qualified patient or primary caregiver has a physician's recommendation that this quantity does not meet the qualified patient's medical needs, the Company may sell the amount of medicinal cannabis consistent with the patient's documented needs.

- K. An inventory record documenting the dates and amounts of cannabis sold at the Facility and the daily amounts of cannabis stored at the Facility shall be maintained on-site.

- L. The Company shall keep a complete set of books of account, invoices, copies of orders and sales, bills of lading, weigh bills, bank statements including canceled checks and deposit slips, and all other records necessary to show fully the business revenues, expenses, assets, and liabilities of such licensee.
- M. In accordance with Applicable Law, the original copies of its Commercial Cannabis Permits issued by the City shall be posted in a location readily visible to the public at all times.
- N. All records must be identified as confidential, and any disclosure shall be limited in a manner that maintains the confidentiality of the information contained therein.
- O. All records kept and maintained by the Company shall at all times protect the confidential information of the Customer.
- P. Entries are to include the Facility employee's information for tracking purposes and may only be made by the staff member who is recording the transaction.
- Q. No changes should be made which make any entries illegible. The Company shall notify the Law Enforcement **within twenty-four (24) hours if there is any concern that an entry was altered or otherwise changed.**
- R. FLOWHUB Reconciliation Procedures:
  - 1. The Company shall reconcile the physical inventory of cannabis goods with the records in the track and trace FLOWHUB database at least once every thirty (30) days.
  - 2. The Company shall conduct an audit and notify the City and the Bureau and any other agency required under Applicable Law of any reportable activity pursuant to Section 5036 of the Regulations if the Company discovers a discrepancy between its physical inventory and the FLOWHUB database.
- S. Receipts shall be maintained via a computer program or by pre-numbered receipts and used for each sale.
- T. Safeguards to prevent unauthorized use of the FLOWHUB software system includes separate log-in information for users, and all terminals are recorded by security cameras.
- U. In conjunction with the Company's educational support for Customers, records will be generated for each interaction where Customer education and support materials are provided to the qualifying Customer. Recordation of a description of the materials and the date the materials were provided shall be made. This will be in addition to a Company website provided with each Customer receipt to allow Customer's educational access to any cannabis products purchased from the Company.
- V. If an otherwise qualifying Customer requests cannabis and does not obtain it from the Facility (due to daily limits, sobriety, or other reasons), the following shall be recorded in the record:

1. The date;
2. The name of the individual who requested the cannabis; and
3. The Facility's reason for refusing to provide the cannabis (\*if applicable).



HIPAA COMPLIANCE

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The Company’s recordkeeping policy shall be subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPAA) regulations. All Facility staff, principal officers and board members are required to complete HIPAA training. The following is written into all offer letters and board member requirements:

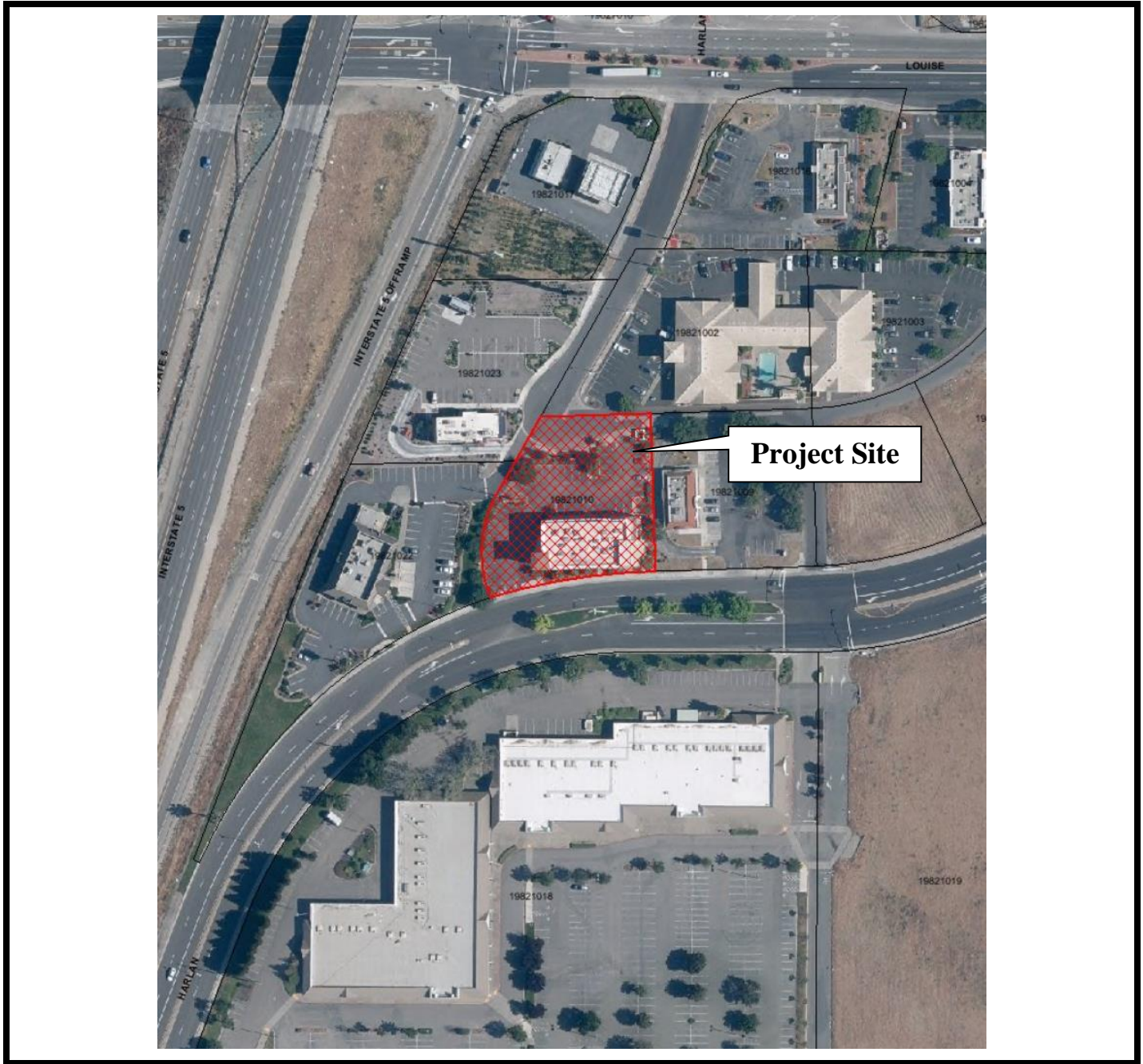
*“Certificate of HIPAA completion must be accepted thirty (30) days from date of written offer of employment or board certification. Failure to complete training will result in withdrawal of membership or offer letter. Candidates will not be able to assume employment or membership prior to presenting proof of certification hard copy”.*

The Company is considered a covered employer that is required to comply with the HIPAA Privacy Rule. The Privacy Rule states that Private Health Information (“PHI”) is confidential and that no one associated with the Company (such as Facility staff, volunteers, or contractors) may use or disclose such information without the customer’s written authorization except under limited and specific circumstances:

- A. To the particular person (the Company’s authorized personnel do have to be concerned with the HIPAA Privacy Rule when discussing the consumer’s health information with that consumer; with the exception of some mental health related information, which in most cases carries a warning that the report or diagnosis should not be discussed with the patient);
- B. For treatment, payment, and health care operations;
- C. For informal reasons, as long as the patient has the opportunity to agree or object;
- D. For purposes incidental to another permitted PHI disclosure;
- E. For Public Interest and Benefit Activities, in compliance with the MAUCRSA and the CDPH regulations and policies governing the release of information for this purpose; or
- F. For the purposes of research, public health, or health care operations in compliance with the CDPH regulations and policies governing the release of information for this purpose.

In accordance with the above HIPPA limitations, the Company shall allow City officials to have access to its books, records, accounts, together with any other data or documents relevant to its commercial cannabis business activities, for the purpose of conducting an audit or examination. The Company shall produce requested books, records, accounts, and any and all relevant data or documents no later than twenty-four (24) hours after receipt of the City’s request unless otherwise stipulated by the City. The Company shall submit materials in an electronic format that is compatible with the City’s software and

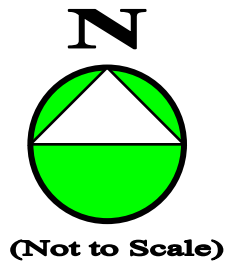
hardware if required by the City.



**PLANNING DIVISION  
Vicinity Map**



**CUP-22-58  
Conditional Use Permit  
Central California Greens  
16925 S. Harlan Road, Suite 103  
APN: 198-210-10**



PROJECT INFORMATION

DESCRIPTION: INTERIOR TENANT IMPROVEMENTS FOR CANNABIS DISPENSARY.  
NO CHANGES TO EXTERIOR FACADE, SITE, LANDSCAPING, SIDEWALK, OR PARKING.

ADDRESS: 16925 S HARLAN ROAD, LATHROP, CA 95330  
 APN: 198-21-010  
 PARCEL AREA: 36,155 SF / 0.83 ACRES  
 ZONING: CH HIGHWAY COMMERCIAL

BUILDING AREA: 5790 SF (UNCHANGED)  
 AREA OF WORK: 2152 SF  
 BUILDING HEIGHT: +/- 50'-0" (UNCHANGED)  
 STORIES: 3 (UNCHANGED)

**WMB ARCHITECTS**

5757 Pacific Avenue  
 Suite 226  
 Stockton, CA 95207

2000 L Street  
 Suite 125  
 Sacramento, CA 95811

T 209.944.9110  
 F 209.944.5711  
 www.wmbarchitects.com

CONDITIONAL  
 USE PERMIT

Lathrop Dispensary  
 16925 S Harlan Rd  
 Lathrop, CA 95330

WMB Project No. 21-066

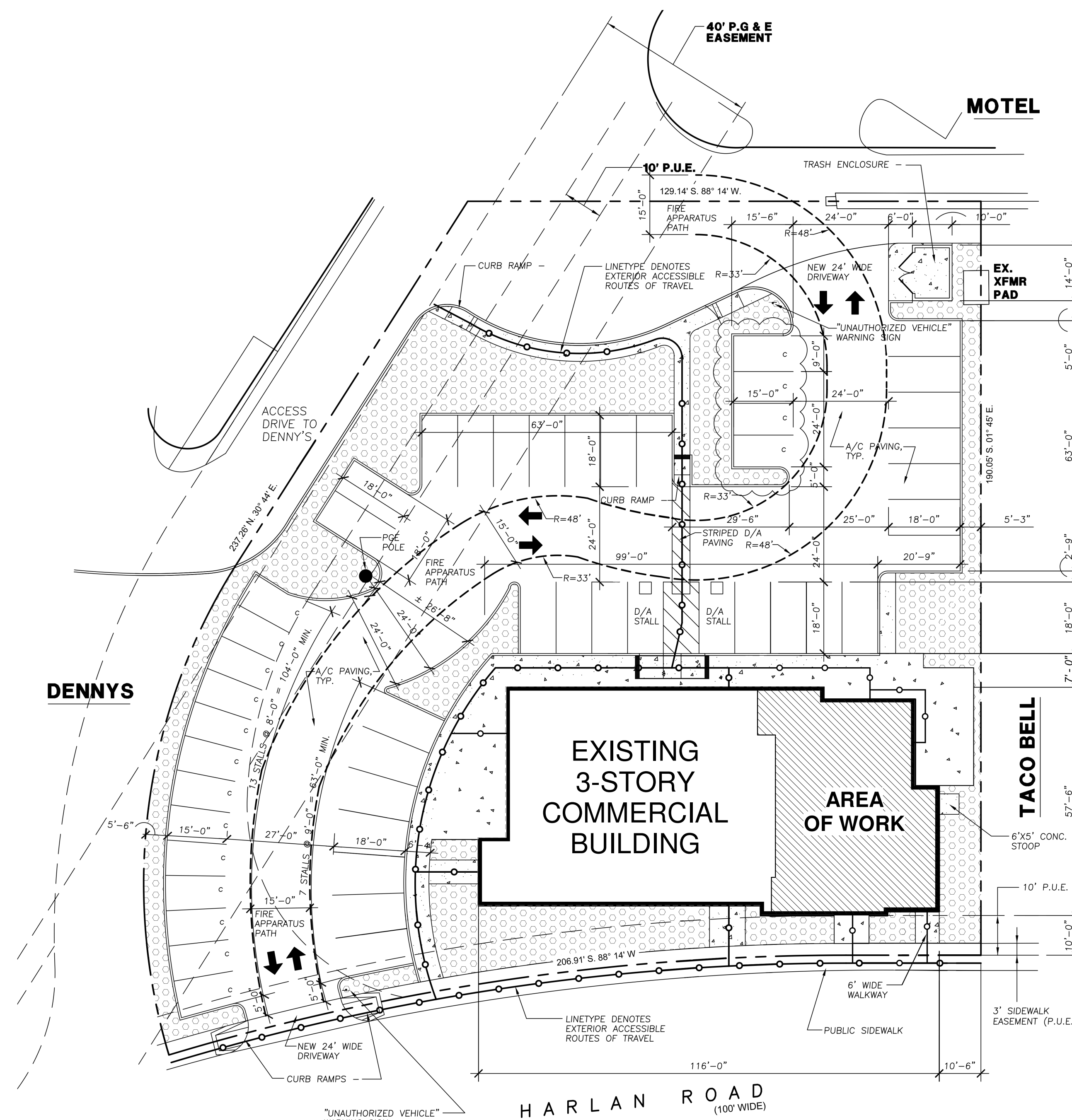
PUBLISH HISTORY:  
 No. DATE PURPOSE  
 03.23.22 CUP APPLICATION  
 05.17.22 CUP RESUBMITTAL

SITE PLAN & VICINITY  
 IMAGES

CUP1



VICINITY MAP  
 1" = 160'-0"



EXISTING SITE PLAN  
 1" = 20'-0"

NO CHANGES TO EXTERIOR FACADE, SITE, LANDSCAPING, SIDEWALK, OR PARKING.  
 ALL SITE ELEMENTS AND DIMENSIONS ARE EXISTING.





**NORTH ELEVATION**



**WEST ELEVATION**



**SOUTH ELEVATION**



**EAST ELEVATION**

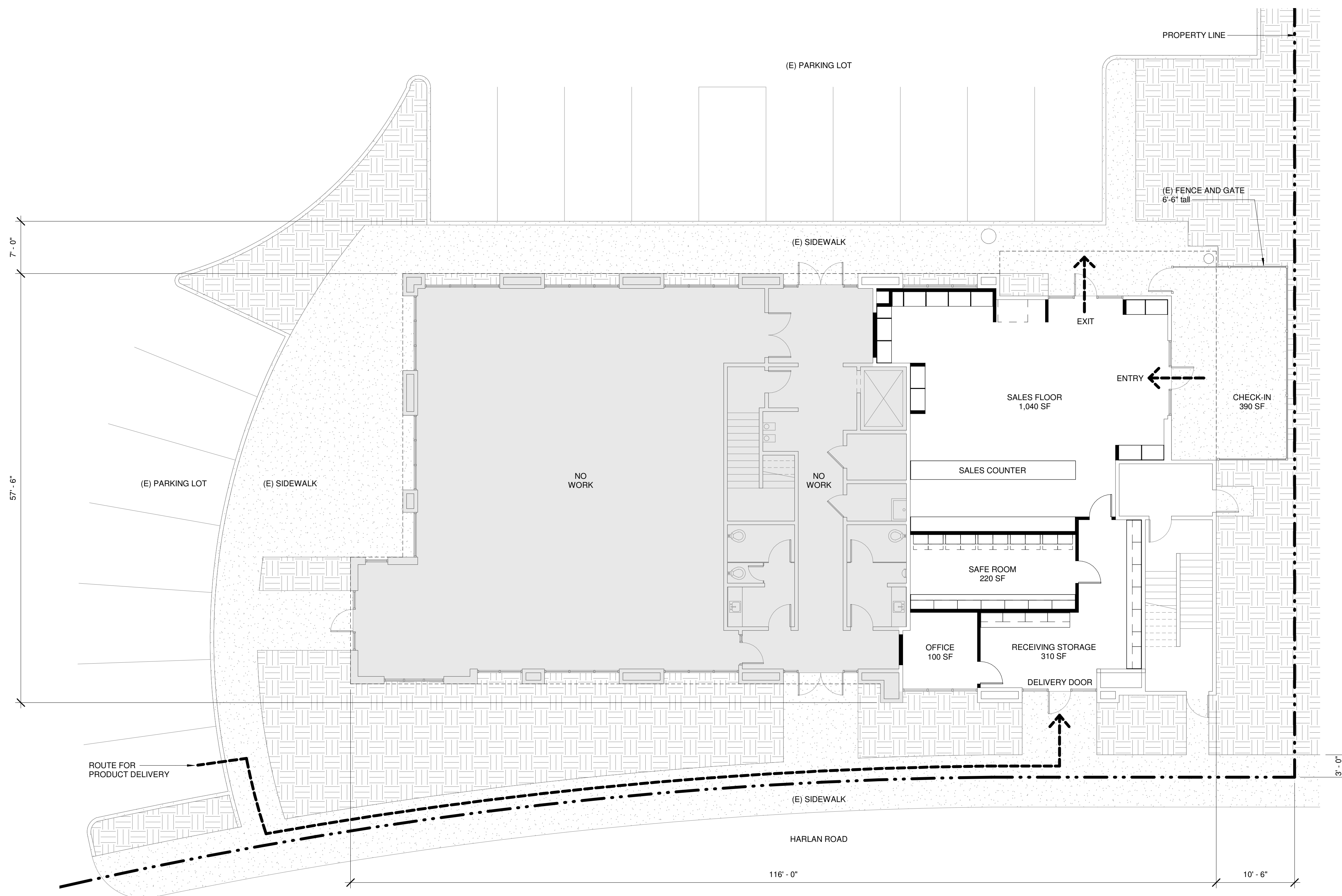


**WMB  
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www.wmbarchitects.com



**CONDITIONAL  
USE PERMIT**

**Lathrop Dispensary**  
16925 S Harlan Rd  
Lathrop, CA 95330

WMB Project No. 21-066

**PUBLISH HISTORY:**

No.	DATE	PURPOSE
03.23.22	03.23.22	CUP APPLICATION
05.17.22	05.17.22	CUP RESUBMITTAL

FLOOR PLAN & ELEVATIONS

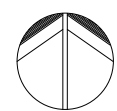
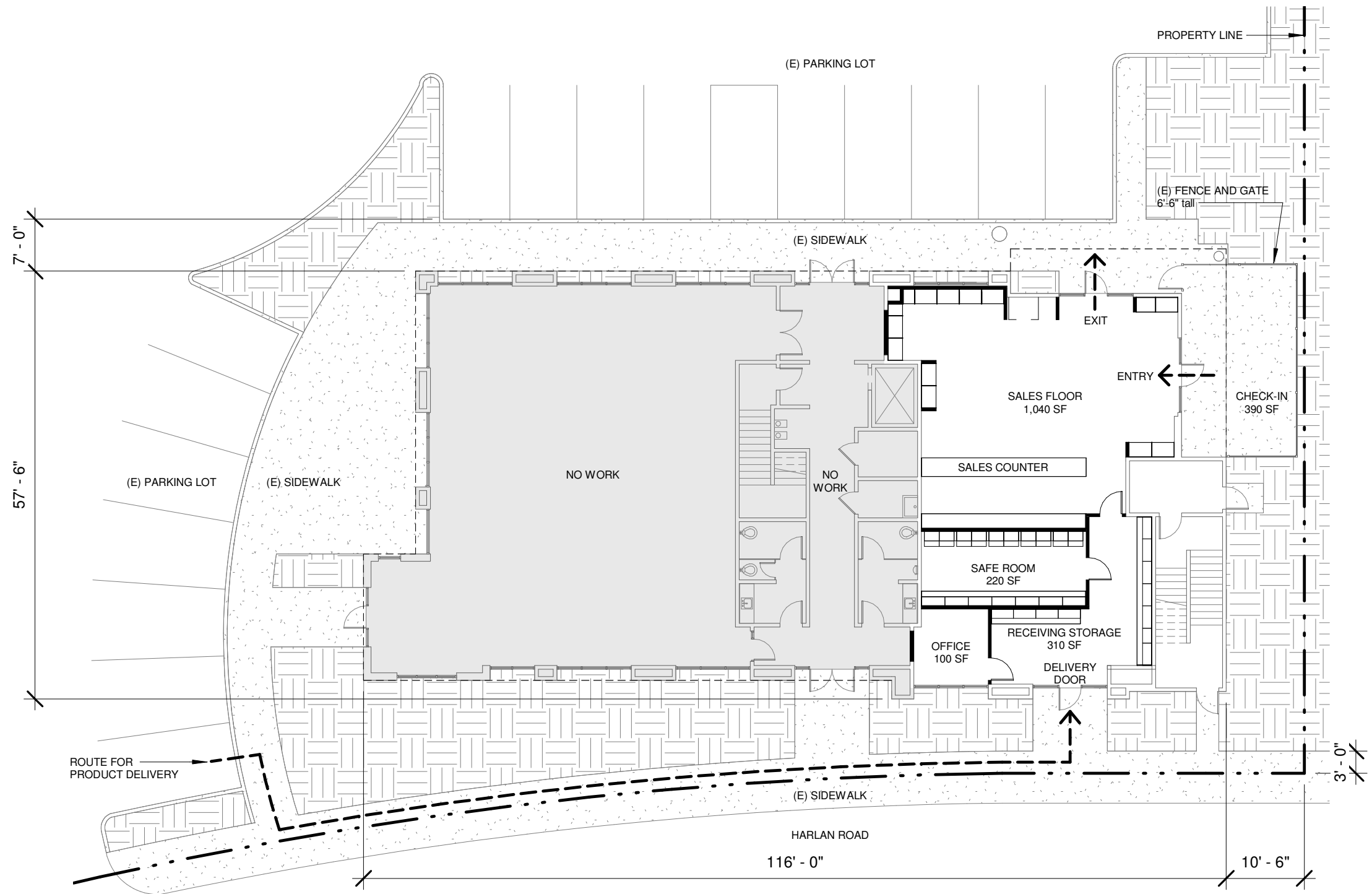
**CUP2**

**FLOOR PLAN**  
1/8" = 1'-0"

NO CHANGES TO EXTERIOR FACADE, SITE, LANDSCAPING, SIDEWALK, OR PARKING.  
ALL SITE ELEMENTS AND DIMENSIONS ARE EXISTING.

5/17/2022 8:04:56 AM Copyright WMB, Inc.





# FLOOR PLAN

1/16" = 1'-0"



Recording fees exempt pursuant to  
Government Code § 27383

Prepared by and after Recording Return to:

**City of Lathrop**  
**c/o City Clerk**  
**390 Towne Centre Drive**  
**Lathrop, CA 95330**

Space above this line for Recorder's use

**DEVELOPMENT AGREEMENT**

This DEVELOPMENT AGREEMENT (the "Agreement") is made this \_\_\_ day of \_\_\_\_\_, 2022, between the City of Lathrop, California, a general law city ("City"), and Central California Greens, Inc., a California corporation ("Operator"). City and Operator are individually referred to as "Party" or collectively as "Parties."

**RECITALS**

- A. WHEREAS, Operator is the tenant of a long-term lease for the real property located at 16925 South Harlan Road 103, Lathrop, CA 95330 (the "Property"); and
- B. WHEREAS, Operator plans to operate a cannabis dispensary (the "Business") on the Property pursuant to Lathrop Municipal Code ("LMC") Chapter 5.26;
- C. WHEREAS, the Parties mutually desire to enter into this Agreement to facilitate the development and expansion of community programs and infrastructure; and
- D. WHEREAS, California Government Code Sections 65864 *et seq.*, authorizes municipalities to enter into development agreements at their discretion to establish certain development rights in real property for a period of years regardless of intervening changes in land use regulations, to vest certain land use rights in the Operator, and to meet certain public purposes in local government.

NOW, THEREFORE, in consideration of the above Recitals and mutual promises, conditions and covenants of the Parties in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**1. AUTHORITY FOR THIS AGREEMENT**

- a. This Agreement is authorized by Section 65865 of the Government Code of the State of California and LMC section 5.26.060.
- b. Pursuant to this Agreement, City and Operator have taken all actions mandated by and fulfilled all requirements set forth in Section 65865 of the Government Code of the State of California.
- c. Having duly examined and considered this Agreement and having held a properly noticed public hearing regarding this Agreement before the Planning Commission on [date], 2022 and before the City Council on [date], 2022, the City Council declared this Agreement:
  - i. Is consistent with the objectives, policies, general land uses and programs specified in the general plan and any applicable specific plan;
  - ii. Is compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is located;
  - iii. Is in conformity with public convenience, general welfare and good land use practice;
  - iv. Will not be detrimental to the health, safety and general welfare; and
  - v. Will not adversely affect the orderly development of the property or the preservation of property values.

**2. AGREEMENT**

- a. **TERM.** The term of this Agreement (the “Term”) shall commence upon the Effective Date defined below and continue perpetually, unless terminated earlier under Sections 9 or 10 of this Agreement. “Effective Date” is defined as the first date on which both of the following are true: (i) the ordinance adopting this Agreement is effective, expected to be 30 days after second reading; and (ii) the Operator has obtained City permits and approvals necessary to operate the Business.
- b. **OPERATOR OBLIGATIONS.**
  - i. In consideration for the rights granted by this Agreement, the Operator agrees to contribute to community benefits program to be implemented by the City:
    - 1. A one-time, non-refundable payment of \$79,165.50 (“Advance Payment”) within sixty (60) days of the Effective Date of this Agreement; and



2. A monthly fee of five percent (5%) of in-store Gross Receipts and two percent (2%) of delivery Gross Receipts from operation of the retail storefront Business on the Property (“Fee”) from and after the Effective Date.
3. Within 30 days of receipt of an invoice, Operator shall reimburse the City’s costs to implement this Agreement and to enforce Chapter 5.26 of the City Code, including but not limited to:
  - a. The cost of an independent contractor to enforce this Agreement;
  - b. Any law enforcement responses to the Property or the Business which exceed the level of service provided to other businesses in the City.

Operator may seek review of any such invoice by written request to the Finance Director of the City within the 30 days referenced in this subdivision and, if the Operator remains dissatisfied after such a review, may resort to its remedies under sections 10 and 11 of this Agreement. Failure to seek review within that time shall constitute waiver of the right to object to the invoice, which shall be immediately due and payable.

- ii. Although the funds collected pursuant to the Advance Payment and Fee may be appropriated for any lawful purpose in the discretion of the City Council, the Parties understand that the Advance Payment and Fee may be devoted to: (1) drug awareness programs; (2) recreational programs; (3) public safety programs, and (4) programs to address food insecurity and hunger in the City.
- iii. Gross Receipts Definition. “Gross Receipts” shall be as defined in Lathrop Municipal Code Section 5.04.010. In addition, any portion of the Operator’s payments to the City passed through to consumers or other third parties is excluded from “Gross Receipts,” provided, however, that no reference in that section to forms of business exchange not lawful as to the Business shall be read to permit such exchanges.
- iv. The Fee shall be abated and shall not be due to and/or collected by the City until such time as the total amount of the accrued Fee calculated in accordance with Section 2(b)(i)(2) after the Effective Date exceeds the amount of the Advance Payment. From and after such time, the Fee shall be due and payable to the City with respect to the amount that exceeds the Advance Payment in accordance with Section 2(b)(i)(2). If the Fee never exceeds the Advance Payment, the City has no obligation to return any portion of the Advance Payment to Operator.
- v. In addition to other reporting requirements described in this Agreement, Operator shall make a monthly return to City in a form specified by the Finance Director of the City (“Finance Director”). The Operator shall, within 20 days following the close of each calendar month, or at the close of any shorter

reporting period which may be established by the Finance Director, make a return to the Finance Director of gross receipts collected in that month and the amount of the Fee due on account of those receipts. When the return is filed, the full amount of the Fee due shall be remitted to the Finance Director. The Finance Director may establish shorter reporting periods for the Operator if he or she deems it necessary to ensure collection of the Fee and he or she may require further information in the return. Returns and payments are due immediately upon cessation of business for any reason. All Fees collected by the Operators from customers shall be held in trust for the City until paid to Finance Director. Operator shall keep complete, accurate and appropriate books and records of all receipts from operations of the Business in accordance with generally accepted accounting principles. For purposes of this Agreement, "books and records" shall mean all bookkeeping or accounting documents Operator typically utilizes in managing its Business operations. Operator shall make available to the City, its auditors, and other authorized representatives all books and records, and other relevant documents as the City may reasonably require, upon reasonable written notice. If the City determines at any time, in its sole discretion, such books and records are inadequate to record the Gross Receipts and to calculate the Fee, Operator shall, upon the written request of the City, procure and maintain books and records adequate for such purpose.

- vi. Operator shall provide the City courtesy copies of every report Operator must provide to the State of California as to sales and use or other taxes when such filings are made.
- vii. At all times during the Term of this Agreement, Operator agrees to comply with all of the requirements of LMC Chapter 5.26 as amended by the City from time to time and to hold and comply permits and other approvals issued by the City for operation of the Business.

**c. CITY OBLIGATIONS.**

- i. Provided that Operator maintains current permits and approvals in compliance with LMC Chapter 5.26 and applicable State law, as they now exist or may hereafter be amended, City hereby grants Operator the vested land use right to locate the Business on the Property consistent with the land use entitlements the City issues to Operator, which will include, but not be limited to: a conditional use permit, a business license certificate, building permits for tenant improvements to the Property, and other approvals required pursuant to LMC Chapter 5.26. City shall not promulgate any land use rules, ordinances or restrictions other than those in effect as of the Effective Date, which would unreasonably restrict, impair or prohibit the location of the Business on the Property, unless: (i) the Parties agree to such land use rules, ordinances or restrictions in writing; or (ii) such land use rules, ordinances or restrictions are

proposed by initiative and adopted by voters , or (iii) such land use rules, ordinances or restrictions apply City-wide to any cannabis dispensary. In such an event, Operator will nevertheless be subject to those new land use rules, ordinances or restrictions but Operator may give a notice of default under section 10 of this Agreement and, upon resolution of that notice, shall thereafter be relieved of the obligations of this Agreement.

- ii. During the Term of this Agreement, if the City or voters adopt and impose an alternative revenue mechanism specifically related to cannabis operations (e.g., a cannabis tax), Operator’s payments under this Agreement after the effective date of that alternative revenue mechanism shall be credited against the alternative revenue mechanism such that Operator shall only pay the greater of the two; in no circumstance shall Operator be required to pay both. As used in this subsection, “alternative revenue mechanism” does not include taxes, fees, or assessments levied on or collected from both cannabis and non-cannabis businesses in the City or the City’s application of regulatory fees under LMC Chapter 5.26. If the City’s tax on cannabis commerce should ever exceed that of the City of Stockton for any reason, at Operator’s option, it may initiate good faith dialog with the City to explore whether that additional taxation is in the parties mutual interests given the risk of sales leakage to Stockton. City shall participate in those discussions in good faith, but is not obligated to agree to change its tax.
- iii. City shall keep strictly confidential all statements of revenue furnished by Operator related to operation of the Business, except as otherwise required by law. In particular, the City will exercise its right to withhold such documents under Government Code section 6254, subdivisions (i) and (n).

**3. GENERAL PLAN CONSISTENCY.**

- a. The City Council hereby finds the land use entitlements for Operator’s conduct of the Business are consistent with the Lathrop General Plan, including the policies noted below.
- b. On December 17, 1991, the City adopted a comprehensive General Plan that included the Project Site within the City’s Sub-Plan Area #1. The General Plan has been amended periodically with the latest amendment on November 8, 2021. The adopted General Plan designated the Project Site for commercial use and provides for the development of this property in a manner that will benefit the City and the community. Specifically, the Planning Commission and City Council find that approval of this Agreement and the associated land use entitlements will further these General Plan goals.

**c.** Goal No. 1 – Balancing the Social and Economic Costs and Benefits of Urbanization

**i.** General - Policy 1. The City’s ability to stay abreast of its financial and service capabilities will require continuous monitoring. Once a system is in place, it will be relatively easy to identify current conditions and to estimate the probable impacts of new development proposals. Rather than adhering to an arbitrarily fixed percentage of annual growth as a matter of policy, it will be the City’s responsibility to manage the growth rate in relation to physical and financial capability of municipal service while being consistent with all applicable policies and proposals of the General Plan.

**ii.** Commercial Development - Policy 1. Areas having early potential for retail and highway commercial development primarily involve lands located at the easterly quadrants of the Lathrop Road and Louise Avenue interchanges with I-5. The largest commercial project being considered in the short term is a Factory Stores center proposed at the southeast quadrant of the Louise Avenue interchange.

**iii.** Commercial Development - Policy 4. Proposals for the classifications of retail activity described in Part IV-A of the Plan are to be considered as offering flexibility for ingenuity and innovation in the selection, promotion, design and development of commercial centers and uses.

**d.** Goal No. 2 – Equal Opportunity

Policy 1. The City intends that positive benefits accrue to the community as a whole, through programs which maximize the potential of local residents to obtain jobs, assuming adequate training and personal characteristics. Contracts will be sought with employers of commercial and industrial establishments which will ensure the opportunity for employing qualified local residents.

**e.** Goal No. 4 – Quality in the Form, Design and Functions of the Urban Area:

Commercial and Industrial Areas - Policy 2. The visual interface between commercial/industrial areas and residential areas shall be designed and developed so as to avoid obtrusive visual impacts of commercial or industrial activities on nearby residential areas.

**f.** Goal No. 8 – Public Safety Hazards:

Policy 1. The City will continue to give high priority to the support of police protection, and to fire suppression and prevention and life safety functions of the Lathrop-Manteca Fire District. Ultimate expansion of the City’s fire service is to include additional stations affording adequate response within a maximum of 3-4 minutes to all parts of the urban area.

4. **REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS.**
  - a. **INTEREST IN PROPERTY.** Operator represents and warrants that as of the Effective Date, Operator has an enforceable legal interest in the Property and that all persons holding legal or equitable interest in the Property have consented to this Agreement.
  - b. **AUTHORITY.** The Parties represent and warrant that the persons signing this Agreement are duly authorized to enter into and execute this Agreement on behalf of their respective principals.
5. **RELATIONSHIP OF CITY AND OPERATOR.** This Agreement is a contract that has been negotiated and voluntarily entered into by City and Operator related to land use. The relationship of Operator and City is and at all times shall remain solely that of City as a regulatory body and Operator as the operator of the Business. It is specifically understood and agreed by and between the Parties that the Business proposed to be conducted on the Property by Operator is a private development and a for-profit business. City and Operator hereby disclaim any form of joint venture or partnership between them, agree that nothing in this Agreement or in any document executed in connection with this Agreement shall be construed as making City and Operator joint venture partners.
6. **PUBLIC HEARING.** City Council approves this Agreement consistent with Government Code section 65867, after the Agreement was duly examined and considered at a properly noticed public hearings by the Planning Commission on [date], 2022 and by the City Council on [date], 2022.
7. **APPLICABLE RULES, REGULATIONS AND POLICIES.**
  - a. **LAWS AND REGULATIONS APPLICABLE TO COMMERCIAL CANNABIS ACTIVITIES.** Operator shall comply fully with all existing and future State and local laws, rules and regulations applicable to Operator's Business on the Property, including but not limited to LMC Chapter 5.26, and shall ensure such compliance by all of Operator's employees, contractors, vendors and members of the public invited or allowed access to the Property. Nothing in this Agreement shall be construed as the City authorizing or condoning any actions that violate federal, state or local law with respect to the Business or the Property. It shall be the responsibility of Operator to ensure that the Business operates at all times in compliance with all applicable laws and regulations, including for as long as applicable, all state laws, any subsequently enacted state or local law or regulatory, licensing, or certification standards or requirements, and any specific, additional operating procedures or requirements which may be imposed as conditions of approval of a state license or of required City permits or approvals for the Business.
  - b. **LICENSURE OF OPERATIONS.** Operator shall obtain and maintain all State and local licenses and permits required for operation of the Business on the Property. The City understands that a Type 10 State license is required for operation of the Business.

8. **AMENDMENT.** This Agreement may be amended or canceled, in whole or in part, by mutual consent of the Parties in writing, consistent with Government Code section 65868, unless the City Manager or his designee determines that the amendment is insubstantial. If the City Manager or his designee determines an amendment is both insubstantial and consistent with the Agreement and the City's existing land use regulations, then the City Council may approve the proposed amendment without notice and a public hearing. An insubstantial amendment may not relate to the Term; conditions, terms, restrictions, and requirements relating to subsequent modification or termination; monetary contributions; or any conditions or covenants relating to the use of the Property. An insubstantial amendment may include interpretation of terms contained herein, and clarification of ambiguities. An insubstantial amendment may also include logical extensions of terms and provisions of this Agreement which are not inconsistent with its provisions.

9. **ANNUAL REVIEW OF AGREEMENT.**

- a. **IN GENERAL.** City shall annually review performance of this Agreement in accordance with this section and California Government Code section 65865.1. Operator shall provide any information the City requests to facilitate the annual review within 14 days of such request.
- b. **MODIFICATION OR TERMINATION.** If the City Council finds and determines through an annual review, based on substantial evidence, that Operator has not complied in good faith with this Agreement, City may terminate or modify the Agreement pursuant to Section 10 of this Agreement.
- c. **OTHER INVESTIGATIONS AND EVALUATIONS.** City may investigate or evaluate, from time to time and as a part of an annual review or otherwise, any matter properly the subject of an annual review of this Agreement.

10. **TERMINATION.**

**A. DEFAULT BY OPERATOR.**

- i. **Termination.** If City determines, based on substantial evidence, that Operator has not complied in good faith with the terms and conditions of the Agreement, City may terminate the Agreement as indicated herein.
- ii. **Notice of Proposed Termination.** If Operator fails to address the identified default(s), City may give Operator a written notice specifically identifying those obligations Operator has not performed and providing for a period of not less than 60 business days in which the Operator may cure the alleged breach unless the breach involves a payment to the City, in which case the Operator shall cure the default within five business days. If Operator does not cure the breach in that time or, if the breach is such that more time is needed to complete it, commence the cure and inform the City of Operator's efforts in the applicable time period, the City may give notice of a hearing on

termination of this Agreement. The written notice shall include the time and place of the hearing and any other information that City considers necessary to inform Operator of the nature of the proceeding. Nothing herein shall entitle the City to rescind or adversely affect any land use entitlement held by Operator other than in compliance with the LMC and other applicable law.

iii. **Public Hearing on Proposed Termination.** City shall give notice of the public hearing under Government Code sections 65090 and 65091. On conclusion of the public hearing, the City Council may, in lieu of termination, impose such conditions on Operator as it considers reasonably necessary to protect City's interests. Such a hearing may, in the City's discretion, be combined with a hearing to evoke land use entitlements under the procedures required by the LMC and other applicable law, including, without limitation, LMC section 17.112.120.

iv. **Modification of Agreement.** City may, instead of termination, modify the terms of the Agreement if it determines that Operator has not complied in good faith with the terms and conditions of this Agreement. If City modifies this Agreement under this subdivision, it must follow the procedures in sections 10(a)(ii), (a)(iii) of this Agreement.

**B. DEFAULT BY CITY.** If City defaults under the provisions of this Agreement, Operator shall have only the right to compel specific performance of City's obligations under this Agreement or, as to the imposition of new land use rules, ordinances or restrictions other than those in effect as of the Effective Date, that unreasonably restrict, impair or prohibit the location of a cannabis dispensary on the Property in violation of section 2.C.i of this Agreement, Operator may terminate this Agreement after complying with this section. Operator shall submit to City a written notice of default stating with specificity those obligations the City has not performed. Upon receipt of the notice of default, City may cure the identified default(s) at the earliest reasonable time after receipt of the notice of default and shall complete the cure within 90 days after receipt of the notice of default, or such longer period as is reasonably necessary to remedy such default(s), provided that City shall continuously and diligently pursue such remedy at all times until such default(s) is cured and regularly notify Operator of City's efforts to remedy the default(s). Alternatively, City may dispute that a default exists and inform Operator in writing of the basis for City's conclusion that no default has occurred. If the City disputes the alleged default, the Parties shall seek to resolve their differences by good faith dialog, with or without the assistance of a mediator. If the dispute remains unresolved after 60 days of such dialog, either Party may seek declaratory relief or other appropriate judicial assistance.

**11. SPECIFIC PERFORMANCE.** Both Parties agree and recognize that Operator has invested considerable time and financial resources in establishment of the Business. For

this reason, it may not be possible to determine an amount of monetary damages which would adequately compensate Operator for this work, nor calculate the consideration City would require to enter into this Agreement to justify such exposure. The Parties acknowledge that City would not enter into this Agreement if it might expose its assets and the public to the risk of damages arising from failed expectations in continued operation of the Business. Therefore, the Parties agree that monetary damages shall not be an adequate remedy for Operator if City is in default under this Agreement and City fails to remedy the default(s). The Parties further agree that specific performance (or writ of mandate to compel a required act) shall be the sole available and appropriate remedy for Operator under this Agreement, and Operator shall not seek monetary damages if a default by City occurs under this Agreement or under any otherwise applicable legal basis for monetary damages. Operator agrees that in no event will City or its officers, agents, or employees, be liable for damages for any default under this Agreement; it being expressly understood and agreed by Operator that the sole legal remedy available to Operator for a default under this Agreement by City shall be a legal action in mandamus, specific performance, or other injunctive or declaratory relief to enforce the provisions of this Agreement except that, as to a default under section 2.C.i, Operator may also terminate this Agreement.

**12. INSURANCE.** Operator shall at all times maintain insurance at coverage limits and with conditions thereon determined necessary and appropriate by the City's Risk Manager.

**13. ASSIGNMENT/CHANGE OF LOCATION.**

**a.** The provisions hereof shall be binding upon, and inure to the benefit of, City and Operator and their successors and permitted assigns, as the case or context may require. This Agreement shall likewise be binding upon and obligate the Property and any successors in interest to the Property. Operator must obtain the City's prior written consent to any assignment and comply with LMC Title 17 as to any transfer of City permits and approvals associated with the Property or the business.

**b.** Should Operator request relocation of the Business, Operator will retain all obligations and responsibilities under this Agreement upon the City's amendment, in the manner required by the LMC and other applicable law, of the Operator's land use entitlements to allow operation at the relocation site.

**14. INDEMNITY.**

**a.** Operator agrees to protect, defend (with legal counsel acceptable to City), indemnify and hold harmless City, its council members, officers, agents, independent contractors, attorneys and employees from any and all (1) claims, damages, penalties, losses, costs, expenses (including reasonable attorneys' fees and court costs), injuries and liabilities of every kind arising out of or related to Operator's conduct of the Business whether such conduct is by Operator or anyone directly employed or contracted with by



Operator, and (2) claims challenging the City approval, legality, constitutionality, or enforceability of this Agreement or any other City action related to the Business.

- b. City's rights of indemnity, as expressly set forth in this Agreement, shall not depend upon payment of any claim, damage, penalty, loss, cost, expense (including reasonable attorneys' fees and court costs), injury or liability sustained by Operator or its contractors, subcontractors, agents or employees. Operator shall not be entitled to a refund of any sums spent pursuant to this indemnity promise if Operator is adjudicated or determined to have been without fault or liability.
- c. If City tenders the defense and indemnification of a claim to Operator and its contractors, subcontractors, agents or employees under this Section 14, City shall be entitled to actively supervise defense of the claim, and may select and retain separate counsel, at Operator's or its contractors, subcontractors, agents or employees' expense, as necessary, which decision shall be made solely and exclusively by City. City must consent to the disposition of any such claim, including but not limited to, the settlement of any such claim.
- d. Within 10 days of the service of any claim or lawsuit against the City challenging this Agreement or any other City action related to the Business, the Operator shall submit to the City a \$10,000 cash deposit or irrevocable letter of credit in favor of the City in a form acceptable to the City Attorney, to pay the City's fees and costs in connection with the defense of any such claim or lawsuit and shall thereafter replenish the funds in increments of \$5,000 when requested by the City upon receipt of an accounting, so that the deposit is continuously maintained at \$10,000 or more. Failure to provide funds sufficient to satisfy this indemnification obligation shall constitute grounds for the City to take action to terminate this Agreement and to nullify any City permit or approval as to the Business. If the City holds remaining defense funds after any claim or lawsuit is resolved, the City shall refund them to Operator within 30 days of the resolution of the claim or lawsuit.

15. **CEQA.** Nothing in this Agreement shall authorize any development without compliance with the Planning and Zoning Law, the LMC, CEQA (to the extent it applies), the CEQA Guidelines, and other applicable law, policies and procedures. Because the Operator proposes only tenant improvements of an existing structure zoned for retail use, the City has determined that approval of this Agreement and the associated land use entitlements are categorically exempt from analysis under the California Environmental Quality Act pursuant to State CEQA Guidelines sections 15061(b)(1) ["common sense" exemption], 15273 [rates, tolls, and charges], 15301 [existing facilities], 15305 [minor alterations in land use limitations], and 15332 [in-fill development].

16. **MISCELLANEOUS.**

- a. **Notices.** All notices required by this Agreement or by law shall be in writing and personally delivered or sent by certified mail to the following addresses. Notice may

be provided by email as well if receipt of that email notice is acknowledged by the recipient. Either Party may change the address stated here by notice in writing to the other Party, and thereafter notices shall be addressed and transmitted to the new address. Notice shall be deemed delivered on the date of personal delivery or email, one (1) day after delivery to an overnight delivery service and three (3) days after deposit in the U.S. Mail as certified mail.

Notice to City shall be addressed:

CITY OF LATHROP  
ATTN: City Manager  
390 Towne Centre Drive  
Lathrop, California 953302

With a copy to  
City Attorney  
390 Towne Centre Drive  
Lathrop, California 953302

Notice to Operator shall be addressed:

Central California Greens, Inc.  
16925 So Harlan Road 103  
Lathrop, CA 95330

With a Copy to:  
Jennifer McGrath, Esq.  
9114 Adams Avenue, #264  
Huntington Beach, CA 92646

- b. **CONSTRUCTION OF AGREEMENT.** Operator acknowledges that it has been advised to have this Agreement reviewed by counsel, and agrees that Operator and its counsel (and/or such other business and financial advisers as Operator desires) have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement or any amendments or exhibits.
- c. **THIRD PARTY BENEFICIARIES.** This Agreement is entered into for the sole benefit of the Parties and any successors. No other party (other than a permitted assignee under Section 13) shall have any cause of action or the standing to assert any rights under this Agreement.
- d. **ATTORNEY FEES.** If any action at law or in equity is brought by either Party to enforce or interpret provisions of this Agreement against the other Party, then the prevailing

Party shall be entitled to reimbursement by the non-prevailing Party for its reasonable and actual attorneys' fees and costs in the action.

- e. **SEVERABILITY.** Should any provision of this Agreement be found invalid or unenforceable by a court of law, the decision shall affect only the provision interpreted and all remaining provisions shall remain enforceable.
- f. **INTEGRATION.** This Agreement constitutes the entire understanding and agreement of the Parties regarding its subject matter and supersedes any previous oral or written agreement. This Agreement may be modified or amended only by a subsequent writing executed by both Parties.
- g. **COUNTERPARTS; ELECTRONIC SIGNATURES.** This Agreement may be signed in one or more counterparts and will be effective when the Parties have affixed their signatures to counterparts, at which time the counterparts together shall be deemed one original document. Signatures may be given by emailed pdf or other electronic means with the same force as hard copy signatures.
- h. **INCORPORATION.** The recitals and all defined terms in this Agreement are part of this Agreement.
- i. **COVENANTS.** City and Operator acknowledge that all covenants, obligations, and rights run with title to the Property. Each and every purchaser, assignee, or transferee of an interest in the Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a party thereto, but only with respect to the Property, or such portion thereof, sold, assigned, or transferred to it. Any such purchaser, assignee, or transferee shall observe and fully perform all the duties and obligations of Operator in this Agreement, as such duties and obligations pertain to the Property, or such portion thereof, sold, assigned, or transferred to it.
- j. **GOOD FAITH AND FAIR DEALING.** City and Operator agree to execute all documents and instruments and to take all action and shall use commercially reasonable efforts to accomplish the purposes of this Agreement. City and Operator shall each diligently, reasonably and in good faith pursue the satisfaction of any conditions or contingencies subject to their approval. Nothing in this section is intended to waive or contract away the City's governmental authority.
- k. **ENFORCEMENT.** This Agreement shall in all respects be interpreted, enforced, and governed under the laws of the State of California. Parties agree that any action to enforce this Agreement shall be filed and maintained in the San Joaquin County Superior Court and Operator hereby concedes the existence of personal jurisdiction there and consents to the jurisdiction of that Court for this purpose.

1. **FEDERAL LAW.** The Agreement involves the operation of a business or businesses involving cannabis retail sales. Under federal criminal law, marijuana remains a Schedule I narcotic, manufacture and distribution of which is prohibited, and for which there is no federally approved use. (Controlled Substances Act, 21 U.S.C. Section 801 *et seq.*) The U.S. Department of Justice takes the position that the federal law is valid and enforceable even against individuals and companies engaged in cultivation, transportation, delivery or use of medical or recreational marijuana as permitted under State law. Operator's direct or indirect involvement in cultivation, dispensing, delivery and retail sale of medical or adult use of cannabis could expose Operator to criminal liability for violating federal law. (See the federal Criminal Accessory statute, 18 U.S.C. Section 2, which imposes accessorial liability against a person who intentionally aids or abets another in violating the narcotics law.) City shall not be obligated to defend or indemnify Operator or any person associated with Operator, if any criminal prosecution occurs arising out of activities related to this Agreement. The Parties agree the City's role as to the Operator's operation of the Business is solely that of a regulator.
  - m. **TIME IS OF THE ESSENCE.** Time is of the essence in this Agreement and every provision within it.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written:

City of Lathrop

Central California Greens, Inc.

By: \_\_\_\_\_  
 Stephen J. Salvatore  
 City Manager

By: \_\_\_\_\_  
 Donald Jimenez  
 Chief Executive Officer

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

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

Attest: \_\_\_\_\_  
 Teresa Vargas  
 City Clerk

By: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

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

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

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Michael G. Colantuono, Special Counsel

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

**Property Owner Acknowledgement:**

Kulwant Sran

By: \_\_\_\_\_  
(Signature)

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

DRAFT

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

STATE OF CALIFORNIA            )  
  )  
COUNTY OF \_\_\_\_\_)            ss.

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_, who proved to me on the basis  
of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within  
instrument, and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity(ies) upon behalf of which the person(s) acted, executed the  
instrument.

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

WITNESS my hand and official seal.

(SEAL)

\_\_\_\_\_  
Notary's Signature

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

STATE OF CALIFORNIA            )  
  )  
COUNTY OF \_\_\_\_\_)        ss.

On \_\_\_\_\_, 2022, before me, \_\_\_\_\_,  
personally appeared \_\_\_\_\_, who proved to me on the basis  
of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within  
instrument, and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity(ies) upon behalf of which the person(s) acted, executed the  
instrument.

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

WITNESS my hand and official seal.

(SEAL)

\_\_\_\_\_  
Notary's Signature