

Section A: Principal Background Information (Must be signed by all Principals)

(Add more pages as necessary to accommodate signatures of all Medical Cannabis Business Principals.) TSL My Co.D.f-2

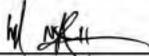
Under penalty of perjury, I acknowledge that I have personal knowledge of the information stated in this application and that the information contained herein is true. I also understand that the information provided in this application, except the Safety and Security Plan in Section C and certain confidential information such as driver's license and social security number, which can be redacted, may be public information and subject to disclosure under the California Public Records Act.

Principal Name: Lyle (Basil) McMahon

Principal Title: Vice President/ Treasurer

Principal Home or Cell Phone: 541-602-8812

Principal Home Address: [REDACTED]

Principal Signature:  **Date:** 2-12-18

Attachments:

- If business will operate as a collective/cooperative provide proof of status as a qualified patient or primary caregiver (State card or doctor recommendation)
- Receipt from Live Scan check
- Picture of applicant (two passport quality photographs 2X2)
- Copy of Social Security Card
- Copy of Driver's License, OMV issued ID Card or Passport
- Proof of address (DMV-issued ID/driver's license, and/or recent utility bill under Principal's name)

Staff use only: Pass background check

Principal Name: Danielle Dao

Principal Title: President

Principal Home or Cell Phone: [REDACTED]

Principal Home Address: [REDACTED]

Principal Signature:  **Date:** 2-12-18

Attachments:

- If business will operate as a collective/cooperative provide proof of status as a qualified patient or primary caregiver (State card or doctor recommendation)
- Receipt from Live Scan check
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Principal Name: Ella Alpina

Principal Title: CMO/ Secretary

Principal Home or Cell Phone: [REDACTED]

Principal Home Address: [REDACTED]

Principal Signature: [Signature] **Date:** 2/12/18

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- Receipt from Live Scan check
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Staff use only: Pass background check

Principal Name: _____

Principal Title: _____

Principal Home or Cell Phone: _____

Principal Home Address: _____

Principal Signature: _____ **Date:** _____

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Staff use only: Pass background check

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.pOf-2- TSL-M.nv.C.pOf-3

has (have) been redacted or withheld from public disclosure, as determined by

Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

because the information contained therein is exempt from disclosure under the following Government Code provisions:

Mark with "X" where applicable	Government Code provision:	Examples of information that may be withheld pursuant to each government code section:
	Section 6254, subd. (c)	Personal, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of privacy
	Section 6254, subd. (f)	Investigatory or security files compiled by a local agency for licensing purposes
	Section 6254, subd. (n)	Licensee's personal financial data
X	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
	Other	(Provide explanation below)

Explanation for redaction:

*****Please note that if objection is made for the redactions on a public document request, you may be called upon to more thoroughly justify the reason for redaction. Any costs incurred by the city attorney to determine whether items marked for redaction are in compliance with Government Code Sections 6254 and 6255 may be passed on to the applicant.*****

Principal/Partner History:

1. List whether, the applicant(s) has other licenses and/or permits issued to and/or ~~revoked from~~ the applicant, in the three years prior to the year of the permit application, such other licenses and or permits relating to similar business activities as in the permit application. If yes, please list the type, current status, issuing/denying for each license/permit. (Please attach a separate document explanation if necessary)

None.

2. List any and all partners who have been found guilty of a violent felony, a felony or misdemeanor involving fraud, deceit, embezzlement, or moral turpitude, or the illegal use, possession, transportation, distribution or similar activities related to controlled substances, as defined in the Federal Controlled Substance Act, with the exception of medical cannabis related offenses for which the conviction occurred after the passage of the Compassionate Use Act of 1996. (Please attach a separate document explanation if necessary)

None.

Section B: Business Organization Status

1. Describe the Medical Cannabis Business organizational status:

Our LLCs were registered with the Secretary of State on 2/5/18. The status of these LLCs is "Active." Document processing takes some time, and currently the site estimates a turn-around processing time of 19 days.

We estimate registration documents will be made available online by 2/25/18, and will submit these supporting documents as soon as they are available.

Screenshots of the Secretary of State webpage verifying our registration status are attached, see "Business Organization Status".

- Attach proof of status, such as articles of incorporation, by-laws, partnership agreements, and other documentation as may be appropriate or required by the City.

Section C: Medical Cannabis Business Description and Location

1. Statement of Purpose of Medical Cannabis Business (a separate sheet may be attached, labeled Section C.1):

See Section 1, Propopsed Location, Included in this application.

Business Organizational Status

The following screenshots are taken from <https://businesssearch.sos.ca.gov>:

201803610667 THRIVE SOCIETY LLC

Registration Date:	02/05/2018
Jurisdiction:	CALIFORNIA
Entity Type:	DOMESTIC
Status:	ACTIVE
Agent for Service of Process:	DANIELLE DAO 2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Mailing Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
LLC Management	Managers

201803610672 THRIVE MIGRATION LLC

Registration Date:	02/05/2018
Jurisdiction:	CALIFORNIA
Entity Type:	DOMESTIC
Status:	ACTIVE
Agent for Service of Process:	DANIELLE DAO 2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Mailing Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
LLC Management	One Manager

201803610679 THRIVE LAB LLC

Registration Date:	02/05/2018
Jurisdiction:	CALIFORNIA
Entity Type:	DOMESTIC
Status:	ACTIVE
Agent for Service of Process:	DANIELLE DAO 2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Mailing Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
LLC Management	One Manager

For additional information, see *Section 2: Business Plan- Entity Structure*.

Registration and Articles of Organization will be submitted as soon as they are available.

2. Proposed Location of Business: _____
138 New Mohawk Rd. TSL-M.nv.C.p.D.f-6

3. Name and address of property owner: _____
Lance Amaral, Terra Alta Development
PO Box 1657 Nevada City, CA 95959

4. Name and address of school(s) and/or public park(s) closest to Proposed Location: _____
Twin Ridges Home Study Charter 111 New Mohawk Rd
Pioneer Park, 421 Nimrod St,

5. Have you received a Zoning Verification Letter? (Please check the appropriate response)
Yes (If yes, include documentation with this section of the application) No _____

6. Description of neighborhood around the proposed location surrounding uses, nearby sensitive uses (such as schools, churches, parks, daycares, or residents), transit access to site, etc. A separate sheet may be attached and labeled Section C.6.

*See Section 1, Proposed Location Statement,
and Section 3, Neighborhood Compatability Plan.*

7. Site plan must be dimensioned and show the entire parcel including parking and additional structures [recommended scale of **1"= 20'**]. In addition, please attach elevations and photos of proposed location. If any exterior alterations are proposed for the existing building, also attach a proposed site plan that is accurate, dimensioned and to-scale for each potential location and include elevation details. The scale should accommodate an accurate site plan on a sheet of paper no larger than 11X17.

8. Floor Plans shall be attached and shall be accurate, dimensioned and to-scale [recommended scale of **1/4"= 1'**] for each potential location. If any interior alterations are proposed for the existing building, also attach proposed floor plans. The scale should accommodate an accurate floor plan on a sheet of paper no larger than 11X17.

9. Signage Plan.

10. Vicinity Map.

11. Photos of the site and building(s).

Section D: Required supplemental information

This information is required for this application to be considered complete. Attach the following reports to the application.

TSL-M ny.C.p.D.f-7

- Business and Parking Plan**
- Neighborhood Compatibility Plan**
- Safety and Security Plan**
- Environmental Benefits (Water/Energy Efficiency Measures)**
- Community Benefits**
- Labor and Employment**
- Local Enterprise**
- Qualifications of Principals**

STAFF USE ONLY:

Date of initial application: _____

File Number assigned to application:

Date fee received _____

Date application reviewed for completeness:

Complete

Incomplete

Date Proof of ownership was verified or a signed and notarized statement from the property owner was received

Date application reviewed by Planning Commission: _____

Approved

Denied

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.pOf-9 - TSL-M.nv.C.pOf-22

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Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

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	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
	Other	(Provide explanation below)

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THRIVE SOCIETY LLC

Elevating the Culture of Craft Cannabis

MCB Permit Application
February 2018

February 12th, 2018

L. Basil McMahon
Thrive Society LLC
138 New Mohawk Rd.
Nevada City CA 95949

Dear Ms. Wolfson and the Nevada City Planning Commission,

Included in this document you will find our completed MCB permit application and supporting documentation. Our application is organized to follow the sequence and structure of the "Implementation Procedures & Description of Evaluation Criteria" document published on the Nevada City *Medical Cannabis Businesses* webpage.

We thank you for your consideration, and if we have omitted any necessary information, we welcome any questions or requests for additional clarification. In areas where we are still actively developing our protocols and/or community engagement efforts, we have noted so, and will continue to keep the Commission apprised of our progress leading up to our hearing, when it is scheduled.

We understand that the granting of medical cannabis business permits is a new and lengthy process, and that a great deal of review is required of city staff. Without the necessary staff support, this can exact a cost.

It has become apparent, through the publication of the agenda for the upcoming Nevada City Council meeting scheduled Wednesday, Feb. 14th, that this cost is an active conversation within City Hall.

We support finding a solution to the multiple concerns expressed by Ms. Wolfson in her staff report dated February 14th. The permit fees assessed on MCB applicants should accurately account for the real costs of processing these applications. While it is true that we are very eager to have our application reviewed, it is not right that the City's staff must be overburdened, in order for us to be considered for the privilege of being granted an MCB permit.

It is an unfortunate situation to find ourselves in, to spend months diligently preparing our application, and submit right as City Council is entertaining a moratorium on the processing of pending MCB permits. We have attempted to be as complete in our application as possible, in order to reduce the amount of labor required by city staff to review our submission.

We absolutely understand the need to consider solutions to resolving the current application backlog and unsustainable work-load. We also appreciate the duty of city officials to ensure that all potential impacts of the presence of new regulated cannabis businesses are thoroughly considered before permitting. That said, If City Council decides to enact a 3-6 month moratorium on processing applications, it could cause us a significant financial challenge maintaining our application standing while we await resolution.

Please take into consideration that as tenants of the space we have leased at 138 New Mohawk, every month of waiting could cost us \$10,000 in rent. The rental amounts paid monthly in the interim by our prospective MCB alone, if paid to the city rather than to our landlord, would be sufficient to hire a handsomely-paid full-time staffer or two. To have to be prepared to spend upwards of \$60,000 to reserve our place in the queue of applicants, without generating revenue in the meantime, would simply be too costly for us to afford.

I, and my fellow principals of Thrive Society, would like to respectfully encourage City Hall to respond proactively to the concerns expressed by their staff, but to also take into consideration the financial hardship that a 3-6 month moratorium could have on our prospective business, and that of the other MCB applicants.

Lastly, we wish to reiterate our gratitude for the Nevada City Administration, for demonstrating leadership and being willing to navigate this new and complicated task of regulating well-meaning local cannabis businesses. We look to be a cooperative partner through this process. If hiring additional staff could help facilitate the processing of permits and help to resolve this matter to the satisfaction of City staff and Administrators, that is a cost that, as an applicant, we would be happy to support.

Regards,

L. Basil McMahon

For Danielle Dao and Ella Alpina

Thrive Society

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Executive Summary

Our Mission

Thrive Society is on a mission to elevate the culture of craft cannabis. We hope to become a nexus in the California cannabis supply chain. We will source exceptional flower varieties from the region and manufacture/distribute artisan medicinal extracts and infused products for sale to dispensaries in the state. Our team will propagate the rich cultural heritage of craft cannabis in a booming industry where large players are entering and consolidation has begun. Amidst a historic opportunity to establish a foothold and capture early market share, Thrive Society is stepping up to meet growing consumer demand for authentic connection to the farmers and herbalists.

Our Team

Our founders, Danielle Dao, Basil McMahon and Ella Alpina, are industry mavens with extensive experience in operations and management. They are all Nevada County locals and homeowners who are passionate about the medicinal properties of the cannabis plant and wish to see a healthy regulated industry emerge. All three partners will be taking hands-on management roles. The team is also supported by advisors and partners who will empower Thrive Society to grow into a successful and sustainable business.

Our Business Model

Thrive Society seeks to obtain permits for Distribution and Manufacturing in Nevada City. We believe that by holding both licenses, we will be able to operate synergistically. With access to cannabis material and close relationships to retail, we will also be able to manufacture value-added goods, in turn providing a comprehensive offering of products to licensed retailers across the state.

Our primary customers are cannabis dispensaries and delivery services, with specific needs for cannabis strains and product variety. Customer needs and consumer trends change seasonally. Through data analysis and relationship-building, it is our goal to anticipate demand and provide products that cannabis consumers seek.

Thrive Society plans to distribute the following goods:

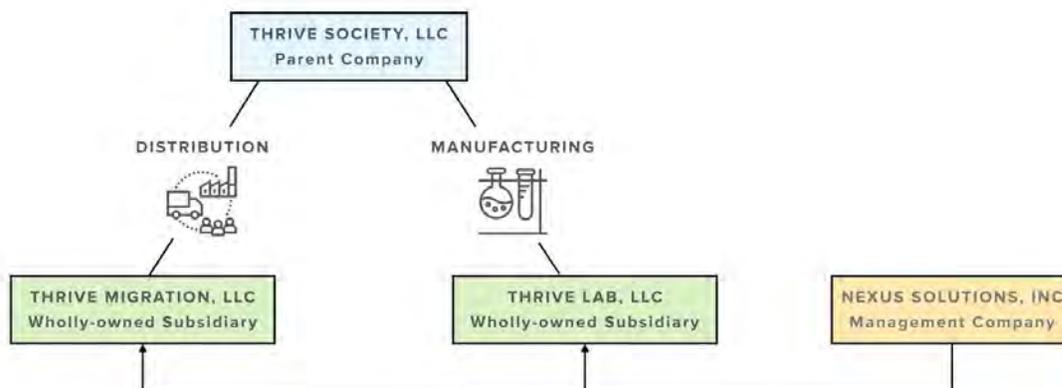
- *Self-branded, pre-packaged flower*
- *Standard pre-rolls and infused pre-rolls (with rosin/kief)*
- *In-house manufactured goods like concentrates, tinctures, topicals, edibles, etc*

- *3rd party products from highly respected brands in the industry that share our core values*

Entity Structure

Thrive Society, LLC is the parent company of two wholly-owned subsidiaries, Thrive Migration LLC (Distribution) and Thrive Lab LLC (Manufacturing). The two entities (and their respective licenses) are held separately, to reduce cross-liability risk and provide increased flexibility in the future strategic direction of both operations. Currently, the owners and directors of the parent company retain full ownership and operational control of both subsidiary companies.

For the purposes of this application, when referring to Thrive Migration LLC (“Thrive Migration”), we will be speaking of the activities of our distribution division (the entity seeking a Type 11 Distribution License from the BCC); when referring to Thrive Lab LLC (“Thrive Lab”), we will be speaking of the activities of our Manufacturing division (the entity seeking a Type 6 Non-volatile Manufacturing License from the CDPH); and when referring to Thrive Society (“Thrive Society”) we will be speaking of the activities of the company as a whole.



Management Services

In addition to the entities above, the founders have also established Cannexus Solutions Inc., which will act as a management company for the two licensed subsidiaries.

Cannexus Solutions will provide management services like bookkeeping, marketing and advertising, and will hold the lease, equipment, intellectual property and brand assets for Thrive Society. Cannexus Solutions, Inc. will not be seeking state licenses for cannabis business, and will not be actively involved in “touching-the-plant”-type regulated

activities. Holding assets in an arms-length management company is a risk-mitigation measure advised by our legal counsel.

Summary

Our team is grateful for the opportunity to apply to operate a compliant, thriving small business close to home. We have positioned our prospective business to play a key partnership role in the regional industry and believe we can make a positive contribution to the community economy, while keeping our impact to the neighborhood a minimum.

We have worked diligently to develop comprehensive plans to ensure full compliance with state regulations. We have consulted with countless advisors and experts to develop protocol and standard operating procedures. Included you will find ten chapters, with a detailed overview of our proposed operations. If any additional information is requested by the Commission, we would be happy to provide it in a timely fashion.

Thank you sincerely for your time and consideration,

Basil McMahon, Danielle Dao and Ella Alpina

Thrive Society, LLC

1. PROPOSED LOCATION (C.6)

Proposed Location Statement

Thrive Society LLC seeks a Medical Cannabis Business Permit from the city of Nevada City to operate a legal, permitted medical cannabis distribution and manufacturing facility at: **138 New Mohawk Rd., Nevada City, CA 95959.**

Our proposed facility occupies approximately 4900 square feet of the 35,000 square-foot, multi-tenant building on a Light Industrial zoned parcel with a Planned Development combining district, LI- PD (APN: 05-280-18-00). The proposed facility is situated on the second floor, and on the east side of the building.



Subject property boundary



600-foot buffer area

Lease Terms

Thrive Society has signed a commercial tenancy agreement for the proposed facility with Terra Alta Development, the legal owners of the property. The lease is for a 5 1/2-year term, ending December 31, 2023. A notarized letter from the landlord verifying the lease is included in this application.

Photography of the Proposed Location



Building Frontage, showing the front entrance (left) and loading bay door (right).



North side of Building, showing the front entrance (center left) and accessible parking.



North side of the Building, showing good perimeter visibility.



East side of the Building (far), showing good visibility of facility windows, which will be secured.



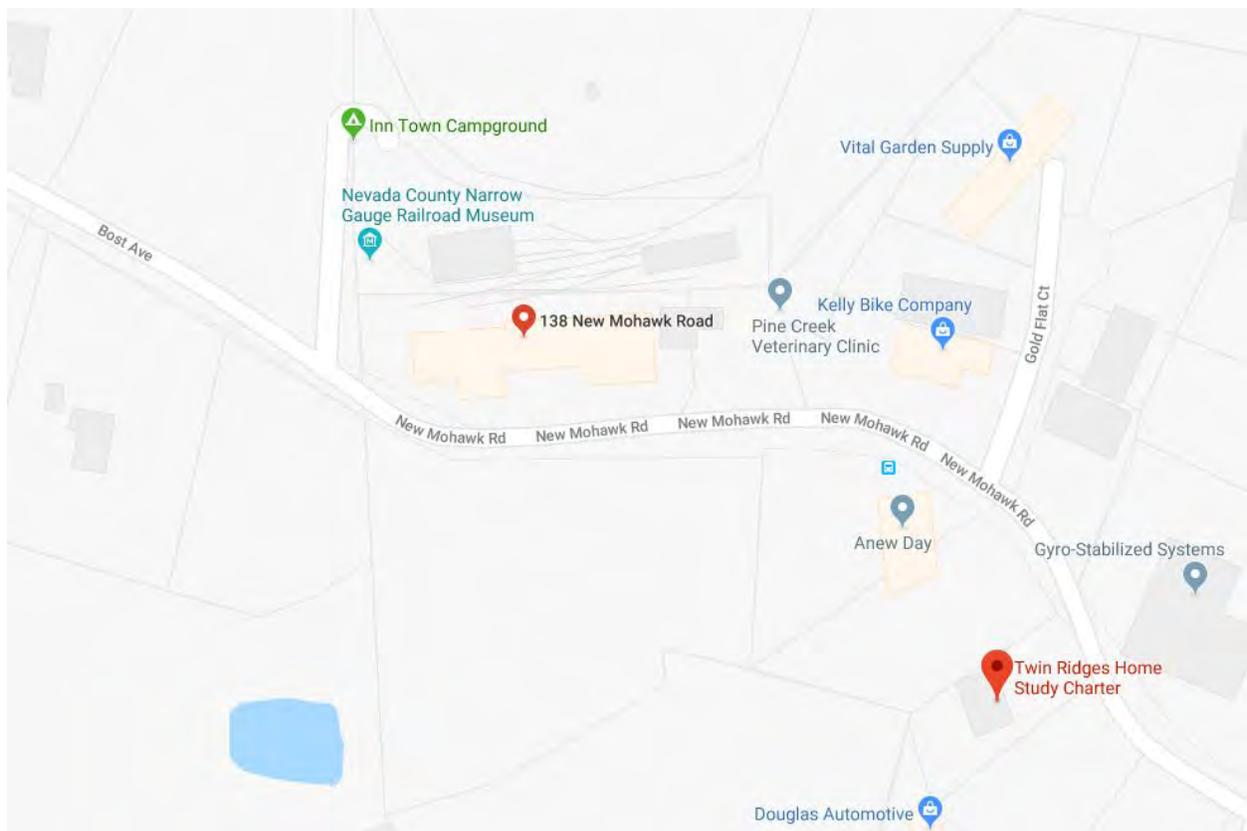
East side of the Building (near), showing no obstructed view of facility windows, and no tree canopy encroaching upon the exterior wall of the building.

Signage Plan

There will be no business signage visible from the street. In the front lobby entrance to the multi-tenant building, [REDACTED]

our signage materials will consist of adhesive decals, metal plate, or wood. None of the following will be used in our building signage: neon or backlit illuminated signage; the words “cannabis”, “marijuana”, “distribution” or “manufacturing”; and no iconography will be used that is popularly associated with medical cannabis, such as a pot leaf or green cross.

Description of the Vicinity



There are but a few businesses and organizations nearby 138 New Mohawk rd. To the north, there is the Nevada County Narrow Gauge Railroad Museum, and the Inn Town Campground. To the immediate west, there are a couple of vacant lots, and beyond that a few residences and small businesses. To the south is located the building’s ample parking lot, with good visibility and lighting. The parking lot is bordered with a brush thicket that lines Pine Creek. There are no businesses or residences immediately across the street, or visible from either the front door or the loading bay door, benefiting the discretion of our operations.

To the immediate east, there is the Pine Creek Veterinary Clinic, and beyond that, there is Kelly Bike Company, and Anew Day (a religious-affiliated counselling organization). In the same building as Anew Day, there is John Muir Charter School (conservation corps). Out front from Anew Day, approximately 320 feet to the east of our proposed facility, is a public bus stop. As noted in our Zoning Verification Letter, our proposed location is approximately 490 feet from a home study program- the Twin Ridges Home Study Charter, to the east, further down New Mohawk as the road bends.

The proposed location is in close proximity- 0.3 miles- to the Highway 49 Gold Flat Rd. on-ramp, making transportation vehicle access efficient and minimizing the impact on vehicles in the neighborhood. It is also only 4 minutes driving distance from the Nevada City Police Station via the same on-ramp, facilitating rapid response and interception.

For more information regarding our commitment to being an exemplary neighbor, please see *Section 3: Neighborhood Compatibility Plan*, and the Cover Letter provided with this application.

Suitability

The proposed location is excellently suited to host the business activities of a licensed medical cannabis distribution and manufacturing facility. [REDACTED]

[REDACTED] The building is free-standing, with good visibility on every side of the building's perimeter. On the east and north sides of the building, there are dispersed a variety of trees and shrubs, but they have been maintained, and do not encroach very much upon the exterior of the building.

The building frontage is close to and visible from New Mohawk Rd., making patrols and access easier for law enforcement and other security personnel. [REDACTED]

For the Site Map & proposed Site Plan, please see *Appendix*.

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.pOf-32 - TSL-M.nv.C.pOf-34

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Basil McMahon, Vice-President, Thrive Society

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	Other	(Provide explanation below)

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City of Nevada City

January 30, 2018

Thrive Society, LLC
ATTN: Basil McMahon

Via email: l.basil.mcmahon@gmail.com

Subject: Nevada City Medical Cannabis Business Zoning Verification Letter; 138 New Mohawk Drive

Dear Mr. McMahon:

This letter shall serve as verification that property located at 138 New Mohawk Drive, Nevada City, CA meets local locational requirements in terms of zoning to operate a Medical Cannabis Manufacturing and Distribution business. Pursuant to our local ordinance, Chapter 9.22 of the City Municipal Code, the “Manufacturer” and “Distributor” business categories are defined as follows:

"Manufacturer" means a person that conducts the production, preparation, propagation, or compounding of manufactured medical cannabis, as defined in this section, or medical cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis at a fixed location that packages or repackages medical cannabis or medical cannabis products or labels or relabels its container.

"Distributor" means a person engaged in the business of purchasing medical cannabis from a licensed cultivator, or medical cannabis products from a license manufacturer, for sale to a licensed dispensary.

The subject property, located at 138 New Mohawk Drive is located within the “Light Industrial” zoning district with a “Planned Development” combining district (LI-PD). While this zoning determination will suffice for local verification purposes, this Zoning Verification letter does not constitute verification of compliance with State locational requirements. Please note that a home study program is located at 111 New Mohawk Road, approximately 490-feet from the subject site.



Subject property boundary



600-foot buffer area

Issuance of a “Zoning Verification Letter” does not constitute written evidence of any kind of permission being given by the City of Nevada City, and it does not convey any right to operate a medical cannabis business in the City. Final decisions on the issuance of permits will be made by the Planning Commission following the approved application process.

Sincerely,

Amy Wolfson
City Planner
(530) 265-2496 x130



Terra Alta Development
P.O. Box 1657 Nevada City, CA 95959

City of Nevada City
317 Broad Street
Nevada City, CA 95959

December 21, 2017

Nevada City Planning Dept.;

I am the property owner of 138 New Mohawk Rd, Nevada City, CA 95959 (Assessor's Parcel Number – APN 37-060-87-000). I approve of CanNexus (the proposed tenant) use of the space for manufacturing and distribution of cannabis products under the Nevada City Medical Cannabis Business Permit and State guidelines.

Best Regards,

Lance Amaral
(530) 265-6162
lvamaral@yahoo.com
Terra Alta Development
P.O. Box 1657 Nevada City, CA 95959

2. Business Plan

Overview

Organized in the state of California on February 5, 2018, Thrive Society seeks to operate A Medical Cannabis Business in compliance with California State and local Nevada City laws, as a limited liability company. Our objective is to obtain a medical cannabis business permit pursuant to *Nevada City Ordinance 2017-10*, adopted by City Council on June 28, 2017 and *Section 26070.5* of the *California Senate Bill 94*, most commonly known as the *Medical and Adult Use Cannabis Regulation and Safety Act* (“MAUCRSA”). Subsequent to the issuance of our municipal permit, Thrive Society will seek a Type 11 Distribution license as defined in MAUCRSA and the *California Code of Regulations, Title 16 Division 42- Bureau of Cannabis Control*. In addition, Thrive Society will seek a second license, for Type 6 Non-Volatile Manufacturing, as defined in MAUCRSA and the *California Code of Regulations, Title 17 Division 1 Chapter 13, Manufactured Cannabis Safety*. The application period for the acquisition of these state licenses will be open-ended, beginning January 1, 2018.

Objective

Thrive Society seeks a license to operate a legal medical cannabis Distribution and Non-Volatile Manufacturing facility in Nevada City, CA. Our driving objective is to source medical cannabis flower & products from permitted suppliers, and manufacture in-house cannabis extracts and infused products, for distribution to licensed medical cannabis dispensaries throughout California. Operating in continuous compliance with state and local regulations, Thrive Society looks to utilize existing relationships to permitted cannabis businesses, to help regional independent permitted suppliers get their products onto shelves, and elevate the professional standard by which the medical cannabis industry operates in our community.

The core business functions to take place within our proposed licensed facility include:

Distribution: transportation, quality assurance, tax remittance, supply-chain management, packaging, labeling, inventory control, order fulfillment, and then distribution to licensed retailers.

Manufacturing: Extraction of cannabis biomass using mechanical (non-solvent, non-volatile) techniques, infusion, product development, packaging, labelling, inventory control, and then transfer to a licensed distributor.

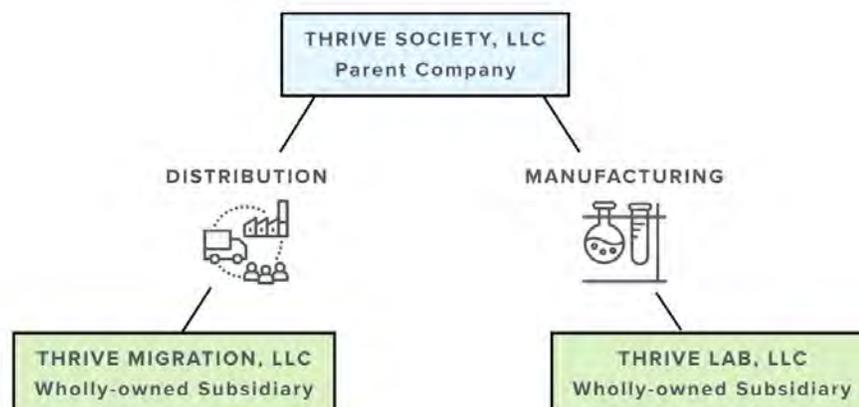
Application Principals (Board of Managers)

- Danielle Dao : President
- Basil McMahon : Treasurer/ Vice President
- Ella Alpina: Secretary

Entity Structure

Thrive Society, LLC is the parent company of two wholly-owned subsidiaries, Thrive Migration, LLC (Distribution) and Thrive Lab, LLC (Manufacturing). The two entities (and their respective licenses) are held separately, to reduce cross-liability risk and provide increased flexibility in the future strategic direction of both operations. Currently, the owners and directors of the parent company retain full ownership and operational control of both subsidiary companies.

For the purposes of this application, when referring to Thrive Migration LLC (“Thrive Migration”), we will be speaking of the activities of our distribution division (the entity seeking a Type 11 Distribution License from the BCC); when referring to Thrive Lab LLC (“Thrive Lab”), we will be speaking of the activities of our Manufacturing division (the entity seeking a Type 6 Non-volatile Manufacturing License from the CDPH); and when referring to Thrive Society (“Thrive Society”) we will be speaking of the activities of the company as a whole.



State Organized: California

State Filing Numbers:

Thrive Society (Parent Company): 201803610667

Thrive Migration LLC (Distribution): 201803610672

Thrive Lab LLC (Manufacturing): 201803610679

Entity Type: LLC

Federal Tax ID Numbers (EINs): *Provided upon request*

State License Type (seeking):

Type 11 = Distribution & Type 6: Manufacturing, Non-volatile Extraction

Objectives

Mission

Thrive Society will act as a nexus in the regulated medical cannabis supply chain. We aim to connect dots and facilitate the distribution of premium, locally-sourced cannabis flower and products to retail outlets throughout the California marketplace. In compliment, we will manufacture cannabis goods that honor and promote local, sustainable cannabis agriculture.

Thrive Society will engage permitted suppliers and retailers whose values align with ours. We will support the regional small-ag economy, promote sustainable agriculture, build good relations with community leaders, local government and law enforcement and drive demand in the marketplace for sustainably-produced, small-batch, artisanal cannabis.

Vision

We are driven to elevate the culture of craft cannabis. As big industry and consolidation sets in, we will work to carve a meaningful and long-lasting place for the communities that have mastered the art and science of cultivation and whose livelihood depends on it.

Our dream is that as the California cannabis industry matures, the heritage of craft cannabis culture that has thrived in our community for generations persists.

Legacy of Stewardship

For decades, Californians have pioneered sustainable agriculture. In the 60s-70s, the Back-to-the-Land movement brought an influx of agrarian idealists and down-to-earth young families to the Sierra Foothills region, seeking a closer connection to the earth and the means to feed their families from the bounty of a backyard garden. This generation established many successful independent businesses that still characterize the local economy today- enterprises that seek to find a balance between profits, people and the planet. One example is UNFI (Mountain People's Warehouse), the largest natural foods distributor in the Western US. A second examples, Peaceful Valley, est. 1976, started out as a small business selling organic garden supplies and now distributes across the country.

There is a legacy of stewardship in local agricultural startups here that carries through to the pioneers of today's craft cannabis producers. In small town communities across the region, the economic importance of the informal cannabis economy has become so substantial these days, that it's hard to ignore anymore. In this new era of regulatory oversight and increasing social acceptance, permitted cannabis business operators who aspire to comply with state and local law have an opportunity to carry on in the tradition of sustainable enterprise that our community has honored for generations.

Thrive Society is a homegrown company that seeks to follow in these footsteps. We believe that a well-regulated local cannabis industry can provide social good and bring resiliency to the Nevada City economy. Permitted distributors are a crucial part of the cannabis supply chain. Many of the problems that have arisen in the absence of effective regulations can now be curtailed and managed more easily when the distinction between regulated and non-regulated is set.

If granted permits to operate our facility and operations plan, we vow to maintain a professional, secure and discreet business that operates sustainably, generates local jobs and expands the tax base of Nevada City.

As an invested community partner, we will help mentor regional suppliers in compliance and sustainability and encourage good actors as they navigate finding their way in this new, welcoming era of fair and effective regulation. As longtime residents of Nevada County, our team has a sincere commitment to support the well-being of our community.

Management Team

Board of Managers

Thrive Society's Board of Managers comes prepared to navigate the dynamic challenges of the regulated marketplace, and fulfill important role in the regulated medical cannabis supply chain. Drawing from years of experience in the medical cannabis industry, We aspire to demonstrate leadership in the region and will position our organization to encourage compliance and best practices from our supplier partners. Leveraging existing key strategic relationships will enable us to remain agile and compliant as the market matures.

Our Board of Managers will supervise operational development, execute business strategy, oversee the implementation of the business plan and bring a level of professionalism to the daily operations of both the distribution and manufacturing aspects of our business.

President *Danielle Dao*

Ms. Dao brings 16 years of operations, management, and distribution experience in the cannabis industry. Her background expands across indoor, outdoor, and greenhouse cultivation, with 14 years of sustainable design, consulting, planning, and implementation with best management practices in farming.

Treasurer/Vice President- *Lyle (Basil) McMahon*

Mr. McMahon is a small business owner and cannabis policy advocate based in Grass Valley for the last 7 years. He is a founding board member of the California Growers Association (CGA), an industry trade group that has been instrumental in the development of cannabis regulations in California.

Secretary/CMO: *Ella Alpina*

Ms. Alpina is an established sales and marketing professional and entrepreneur. She is Founder and Creative Director of 7 Rays, a branding and marketing agency serving the cannabis industry, and is Co-chair of the Women Grow- Gold Country chapter.

For More info on Thrive Society's principals, see *Section 10, Qualification of Principals*.

Advisors

Legal - *Harris Bricken*

Since 2010, Harris Bricken's cannabis law practice has advised cannabis startups on compliance, licensing, corporate formation, investment agreements, real estate, employment law, tax policy, mergers, acquisitions, and banking issues. Firm partner Hilary Bricken has won widespread industry recognition for her work representing emerging businesses in state-regulated cannabis markets.

CPA Advisor- *Sonia Luna*

Sonia is the founder and President at Aviva Spectrum. She has more than 18 years of compliance, internal and external audit experience. She was recently appointed by then-SEC Chair Mary Jo White to the Advisory Committee on Smaller & Emerging Growth Companies in Oct. 2014. She has a firm grasp of cannabis-industry accounting matters and well-versed in regulatory policy.

CFO Advisor- *Dan Shapiro*

After earning his CPA in New York, Dan dedicated his early career to education, building eight schools across two continents. He is also a recurring guest lecturer at Harvard Graduate School of Education.

Industry Advisor- *Lauren Fraser*

Lauren Fraser is the Director for the Cannabis Distribution Association, which was co-founded in June 2016 and today has over 120 members across California. In 2015, she co-founded RVR Distribution which became the first and largest permitted cannabis distributor in the State. Now, she supports all operators seeking distribution licenses and partnerships through her work with the Association and as an independent consultant. Prior to working in the cannabis industry, Lauren worked in venture financing across various industries. Lauren holds a Degree in Finance and MBA, both from San Diego State.

Partnerships & Resources

Marketing Partner- *7 Rays Marketing*

7 Rays Marketing is a leading branding and marketing firm serving the cannabis industry. The agency has worked with many industry leaders like *Sweet ReLeaf*, *Lola Lola*, *Dark*

Heart Nursery, Treatibles and Auntie Dolores. They provide full service marketing and strategy to companies vying for market share. 7 Rays will provide support to Thrive Society with branding and packaging to start and full marketing activation as the efforts develop.

Lab Testing Partner- *Pure Analytics*

Located in Sonoma County, Pure Analytics has extensive experience supporting the needs of cultivators, manufacturers, dispensaries and small batch producers. As a pioneering lab, Pure Analytics has brought expert analysis and reliable results to Northern CA and the Bay Area for over 7 years. Pure Analytics is prepared to partner with Thrive Society to handle the testing demands of a distribution and manufacturing facility of our size.

Security Services- *Gold Country Security*

For the past 10 years Gold Country Security has been providing security patrol services to businesses in Nevada City, Grass Valley and throughout the county. Gold Country Security will be providing security services for our facility, and has reviewed and provided feedback on our proposed Facility & Operational Security Plans.

Controller- *Complete Controller*

Complete Controller an online bookkeeping & controller service, routinely monitoring our books and records to make sure they meet our exacting standards. They include bookkeeping services and can deliver a complete financial report package upon close of each quarter.

HR Agency- *Ms Mary Staffing*

Ms Mary Staffing is a professional employer organization (PEO) which will share the load of managing personnel responsibilities. Ms Mary Staffing will manage all the paperwork for employees, including dealing with various tax and insurance requirements, while Thrive Society will manage all the physical worksite requirements, including day-to-day management and workplace safety. This arrangement is particularly useful for the marijuana industry, because it allows PEO services to take care of payroll taxes, thereby avoiding the 10% penalty the IRS assesses to cash-only marijuana businesses.

Associations

Thrive Society benefits from membership and close ties with the following industry associations and organizations:

Cannabis Distribution Association

www.distributeca.org

California Growers Association

www.calgrowersassociation.org

Nevada County Cannabis Alliance

www.nccannabisalliance.org

Minority Cannabis Business Association

<https://www.minoritycannabis.org>

Day to Day Operations for Distribution

Operations Overview

Consistent with the regulatory framework outlined by the Bureau of Cannabis Control (BCC), Thrive Migration will procure legal medical cannabis products from licensed medical cannabis producers, ensuring the contents are safe for consumption and meet strict testing criteria established by the state.

Our day-to-day operations include:

- Verifying that legal medical cannabis products pass laboratory testing standards
- Verifying that legal medical cannabis products are packaged in compliance with regulations
- Remitting taxes as they are assessed
- Fulfilling insured, secure transportation of cannabis goods to and from legal medical cannabis retailers, other distributors, suppliers, and manufacturers throughout California

Thrive Migration will build the supply-chain infrastructure for safe, secure, and affordable distribution of legal medical cannabis, operate in continuous compliance with state and local regulations, and take proactive measures to mitigate impacts to community, and the environment.

Tax Remittance

Taxes assessed on medical cannabis dispensaries and cultivators are remitted to the California Department of Tax and Fee Administration. All sellers of medical cannabis are required to hold a seller's permit, report sales and pay taxes. Distributors are required to obtain a Cannabis Tax Certificate, and are the sole licensed entity to remit state taxes to the CDTFA on behalf of other licensed cannabis businesses. We will collect taxes when cannabis goods enter the commercial market. Taxes will be paid monthly in accordance with the tax schedule under existing law. The transportation of any cash payments will be held in our cash deposit vault and delivered via our transport vehicle accordingly.

Cultivation Tax

A cultivation tax of \$9.25 per dry-weight ounce of cannabis flowers, \$2.75 per dry-weight ounce of marijuana leaves. In our Distribution Division, Thrive Migration will serve to function as the remitter of cultivation tax amounts, before the cannabis or cannabis products ever reach a retailer. Cultivation tax amounts are due 30 days after the end of

the quarter in which the cannabis or cannabis products “enter the commercial marketplace”. The triggering event for this tax deadline is when cannabis goods complete and comply with quality assurance testing requirements set forth in regulations (i.e., when the cannabis goods pass lab testing).

Excise Tax

Cannabis will be subject to a 15% excise tax at point of sale to the consumer. Excise tax is assessed at the time of transaction from distributor to retailer, must be collected by the distributor from the retailer and remitted within 90 days. In an arms-length transaction (between a distributor and a retailer who do not share ownership affiliation), Excise tax amounts are due within 90 days whether the cannabis goods have sold already. The rate of excise tax on cannabis goods is based on “Average Market Price”, which is determined by the CDTFA quarterly.

Sales and Use Tax

As a distributor, Thrive Society is responsible for transporting cannabis and cannabis products between licensed cannabis businesses. When a distributor sells cannabis or cannabis products to a retailer, and the retailer provides a valid and timely resale certificate, the sale is not subject to sales tax. Regardless if all sales of cannabis goods are not subject to sales tax, it will be required to file a return and report all sales transactions to the CDTFA.

Nevada City MCB Tax

The City of Nevada City has proposed a municipal tax rate of 4% on Dispensaries and 2% on other Medical Cannabis Businesses. This proposed rate will need to be approved by the voters of Nevada City. We expect that this reasonable proposal will be approved in the upcoming election and we are anticipating a 2% tax rate assessed on the sales transactions of Medical Cannabis Distributors, such as our own.

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.pOf-48

has (have) been redacted or withheld from public disclosure, as determined by

Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

because the information contained therein is exempt from disclosure under the following Government Code provisions:

Mark with "X" where applicable	Government Code provision:	Examples of information that may be withheld pursuant to each government code section:
	Section 6254, subd. (c)	Personal, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of privacy
X	Section 6254, subd. (f)	Investigatory or security files compiled by a local agency for licensing purposes
	Section 6254, subd. (n)	Licensee's personal financial data
	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
	Other	(Provide explanation below)

Explanation for redaction:

*****Please note that if objection is made for the redactions on a public document request, you may be called upon to more thoroughly justify the reason for redaction. Any costs incurred by the city attorney to determine whether items marked for redaction are in compliance with Government Code Sections 6254 and 6255 may be passed on to the applicant.*****

- Strain or Product name
- Date of delivery, method and time
- Track and trace UID

If Thrive Society intakes a batch that it intends to sell to another distributor, the responsibility for lab testing and labeling would then be transferred to the final distributor.

State Mandated Quality Assurance Lab Testing

As per state regulations, after taking physical possession of a medical cannabis batch, Thrive Society will contact our licensed testing laboratory partner (Pure Analytics) to arrange for a laboratory agent to come select a random sample for laboratory testing.

For state-mandated quality assurance lab testing, the following protocols will be followed:

- Sample selection by the lab agent will be recorded by video camera. For harvest batches, we will ensure that samples be taken from batches that do not exceed 50 pounds. The sampling will occur with the batch number stated at the beginning of the video and a visible time and date indication on the video recording footage.
- After the sample has been selected, the laboratory agent and our operations manager will sign and date a document, attesting to the sample selection having occurred, as required by state regulations.
- A sample “passes” a laboratory test when the sample meets certain specifications required by the state, namely no pesticides, mold or bacterial contaminants are detected. Potency and cannabinoid analysis will also be recorded. Once product “passes” laboratory tests the tested batch will be labeled as such and enter into the packaging program when applicable.
- If a product fails to pass testing it will be labeled and quarantined. If the contamination is of the type that *can* be remediated, then arrangements with the supplier will be made to send the batch out to a manufacturer or processor for remediation. If the contamination is of the type that *cannot* be remediated, the batch will be destroyed and disposed of according to the protocols outlined in the section Cannabis Waste Disposal (Page 44)

Certificate of Analysis Verification

We will complete several quality assurance steps before distributing the batch for sale or transfer to another licensed business- checking that:

- The certificate of analysis corresponds to the batch tested
- The label is accurate

- The packaging meets required standards
- The proper information is in the state's track-and-trace database

Once the certificate of analysis is acquired for trim material, loose flower, edibles, tinctures and/or extracts, the Batch is then moved into the prepackaged holding room.

Product in Process

Once batch is ready to package, it is put into final consumer-facing, child-proof, tamper-evident packaging on our operating packaging floor. Then each individual container is scanned into track-and-trace and recorded accordingly to quantity of repackaged containers. Containers are then boxed up into opaque shipping boxes and labeled on the outside. Boxes are then stored in the secure storage room, awaiting export.

Distribution Equipment

Some of the equipment in use in our distribution facility includes:

Biomass Shredder/ Grinder

A shredder or grinder is used to prepare biomass for the production of pre-rolls. The 110 Cup stainless-steel shredder can process around 2 lbs of material in 3- 7 seconds depending on moisture levels. The grinder uses whips rather than blades so there is never any powder unless you desire it. The system is built in the USA. The Shredder will be installed in its own isolated room, to contain dust and particulate generated by its operation. This machine has a two year warranty and comes with product owner's manual to specify periodic maintenance.

Futurola Pre-roll Machine

The Futurola machine fills 100 Pre-Rolled cones in 2 minutes through vibration techniques and is ready to package straight from the machine. This tabletop stainless steel machine is known for its accuracy and ease for processors. This machines voltage input is 110-240 volt, with a 2.5Amp current and a 6 amp motor.

PacWrap Shrink tunnel

Packaged cannabis goods may need to be shrink-wrapped for tamper evidence and preservation. This tabletop shrink tunnel features Teflon coated rollers, a re-circulating air chamber, digital temperature control, AC variable speed drive conveyor, and automatic

cool down with shut off. This machine has a two year warranty and comes with product owner's manual to specify periodic maintenance.

Weston Herb Mixer

This herb mixer assists in herb blending. This mixer has a 44 lb. tub capacity to mix large quantities consistently. This stainless steel machine is maintenance free, with the exception of wiping with alcohol.

Labeling Machine

A Semi-auto Label Applicator machine will take self-adhesive roll labels from 8" to 12" in diameter on a 3" core. Practical minimum container width is about a half inch, with a practical maximum width of about 12 inches depending on the label orientation. For applying labels to flat and tapered containers. This machine is maintenance free.

Round Bottle Labeler

Semi automatic round container labeler is a table top device that can apply any type of label accurately and efficiently on cylindrical bottles. This machine is maintenance free.

PrimoCombi Hopper Weighing Filler

A Hopper/Filler is a sophisticated machine that automates high-volume filling of containers with a consistent weight of product. This versatile stainless steel automatic weigh filler is perfect for dispensing dry flower into containers and bags. It can fill up to 50 containers within a few minutes. This machine is custom built to suit our needs, and will require occasional maintenance or tooling.

This machine may be implemented in Phase II or III of the company, when volume of flower sales justifies the investment.

Equipment Maintenance

We commit to the manufacturer's maintenance schedule for all specialized equipment requiring maintenance in our facility.

Transportation

The Transportation section describes the methods that will be used to securely transport packaged or bulk medical cannabis products to and from other medical cannabis businesses. This includes permitted cultivators, manufacturers, retailers, and other distributors.

Partner Transportation-Only Distributors

On occasion, Thrive Migration will find it advantageous to call upon the transport services of a licensed Transportation-Only Distributor. Transport-Only Distribution licenses are a limited type distribution license, allowing for the secure transport of cannabis goods in-between premises of various license-holding businesses, but does not allow for the full scope of responsibilities and privileges of a Distribution license. There are a number of such Transport-Only Distributors, who specialize in the secure freight transport of cannabis goods.

[REDACTED]

Service Elevator

[REDACTED]

Product Complaints

Occasionally, product defects may occur. In the event of a complaint from a supplier (manufacturer, processor, cultivator or distributor) or a customer (a dispensary, delivery company or distributor) notifies Thrive Migration of a complaint, facility personnel will fill out the Product Complaint Form and submit to management for review.

Complaint Policy

If a product complaint is found to be valid, Thrive Migration will replace the defective product with a non-defective version of the same type of cannabis good, or exchange for a similar cannabis good of equal value, as allowed in state regulations.

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

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Basil McMahon, Vice-President, Thrive Society

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Product Complaint Form

A Complaint Form will be developed that documents the name, contact information and license # of the customer submitting complaint, UID and description of the product, description of events, and photo documentation if available.

Complaint Response

Management will review the Complaint Form and determine the appropriate response. Response may include contacting the cultivator/manufacture supplying the product, contacting dispensaries receiving the product, notifying public health authorities; and/or process for determining any other additional follow-up that may be needed.

Day to Day Operations For Manufacturing

Operations Overview

Consistent with the regulatory framework outlined by the Department of Public Health (DPH), Thrive Society will manufacture legal medical cannabis products using non-solvent, non-volatile extraction techniques; formulate infused cannabis topicals, tinctures, concentrates, and a limited line of edibles.

Our day-to-day operations include:

- Procuring cannabis biomass and bulk extracts from permitted suppliers
- Holding cultivation tax amounts for transfer to a permitted distributor
- Extracting cannabis using mechanical extraction (kief, rosin) methods
- Infusing topicals, edibles, tinctures and pre-rolls with cannabis extract
- Packaging products and ensuring the contents are safe for consumption and meet strict testing criteria established by the state

Thrive Lab will build the supply-chain infrastructure for safe, secure, and affordable distribution of legal medical cannabis, operate in continuous compliance with state and local regulations, and take proactive measures to mitigate impacts to community, and the environment.

Tax Remittance

Cannabis Manufacturers must comply with regulatory requirements pertaining to tax. Effective January 1, 2018, a cultivation tax on all harvested-cannabis (including medicinal cannabis and adult-use cannabis) that enters the commercial market is imposed on cultivators at a rate of:

- \$9.25 per dry-weight ounce of cannabis flowers,
- \$2.75 per dry-weight ounce of cannabis leaves, and
- \$1.29 per ounce of fresh cannabis plant.

Cultivation Tax Amounts

Cultivation tax amounts must follow the product through the chain of custody until the product reaches the hands of a distributor with a Cannabis Tax Certificate, who is able to remit the tax amounts to the CDTFA. As a cannabis manufacturer, we are required to collect the cannabis cultivation tax from cultivators when unprocessed cannabis is first

sold or transferred to our possession, if the tax amounts have not been first collected by the distributor at any intermediate point. Manufacturers must then take the cultivation tax amounts collected from the cultivator and transfer them to the distributor, who will then be responsible for quality assurance review and testing.

If the cannabis product is sold or transferred to one or more manufacturer, prior to being sold or transferred to the distributor who arranges for testing and performs the quality assurance review, the cultivation tax must be passed to the next manufacturer who takes possession of the cannabis product until the tax is remitted to the distributor.

When collecting the cultivation tax, we must provide an invoice, receipt, or other similar document to the cultivator that includes and identifies the following:

- Our name, as the licensee receiving the product.
- The cultivator from which the product originates, including the associated unique identifier.
- The amount of cannabis cultivation tax.
- The date of sale or transfer.

State Sales Tax

When we sell our product to a customer, such as a distributor or retailer, and the customer provides us with a valid and timely resale certificate, the sale is not subject to sales tax. It is important that we obtain timely valid resale certificates to validate that our wholesale transactions are exempt from sales tax. If no timely valid resale certificate is provided, it will be presumed that sales tax also applies to the sale and we must report and pay the sales tax to the CDTFA. Even if all our sales are not subject to sales tax and we collect the proper resale certificates, we are still required to file a return and report activities to the CDTFA. We simply indicate on the return that we made no taxable sales if this is the case.

Nevada City MCB Tax

The City of Nevada City has proposed a municipal tax rate of 4% on Dispensaries and 2% on other Medical Cannabis Businesses. This proposed rate will need to be approved by the voters of Nevada City. We expect that this reasonable proposal will be approved in the upcoming election and we are anticipating a 2% tax rate assessed on the sales transactions of Medical Cannabis Manufacturers, such as our own.

Facility

Stainless Steel Sink

The Thrive Lab manufacturing facility is equipped with a stainless steel 3 compartment commercial grade sink for washing and sanitizing tools, containers and instruments.

We will be installing a Faucet Eyewash Station at the sink to ensure ANSI Z358.1-2014 compliance.

Kitchen

California requirements for commercial kitchen facilities are related to safety of the building facility, safety of appliances, safety of food handling, and environmental regulations. The building in which our proposed kitchen is located conforms with local zoning requirements. The appliances and the plumbing system for a commercial kitchen will conform to the Uniform Mechanical Code, which is the international Standard for all mechanical devices, under the international Association of Plumbing and Mechanical Officials (ISPMO). These standards provide specifications for commercial kitchen appliances. We will apply and register for food-handling licenses with the California Department of Public Health, Food Certificates, Licenses, and Registration. As owners of a commercial kitchen, we have the responsibility to provide safe manufactured goods to the public. We have reviewed food safety protocol, provided by the U.S. Food Safety and Inspection Services. We expect and will comply with regular inspections from the California Department of Public Health.

Flow Hood Heat Exhaust System

For tabletop instruments in the kitchen which produce heat or steam (hot plates), our facility will be equipped with NFPA Certified NSF Listed Superior Stainless Steel Oven Heat hood for ventilation. We will also install Fire Suppression System inside the hood called Superior Hoods FIRESUPP-8. This system is for medium to high heat applications. Superior Hoods uses a highly effective liquid suppressing agent that fights fires three ways:

- Breaks the Chemical Reaction by interrupting the chemical chain that causes fires to spread intensify. It stops fire cold.
- Creates Steam and Cools, reducing damage and helps prevent re ignition.
- Smothers the fire when discharged, a chemical chain reaction produces a soapy foam.
- Oxygen is cut off The fire goes out. The thick layer of foam reduces the possibilities of re-ignition.

Products

Products that will be extracted and manufactured in our facility include:

- **Rosin Concentrates, of various viscosity and quality** (shatter, wax, crumble, budder, sugar, terp-sauce)
- **Kief**
- **Rosin and Kief infused prerolls**
- **Tinctures**
- **Topicals**
- **Capsules**
- **Edibles (Mints and Hard Candies, infused honey)**

Products which will be manufactured in our facility, although not extracted in-house, will include:

- **Vape Pen Cartridges**
- **Oil Syringes**

Equipment

Some of the equipment utilized in our manufacturing facility will include:

Dry-Sift (Kief) Extractor

The GreenBroz Alchemist 420 is a dry-sift, solvent-free trichome extractor designed to tumble cannabis trim and flower material and collect the accumulation of trichome pollen that is knocked-off the material in the process. The extractor rotates a vessel, tumbling the material like a clothes dryer, and pollen falls through the base, where it collects on a stainless steel plate and can be scooped up with a card or spatula for use or further processing.

The mechanical agitation is further facilitated by the introduction of pelletized dry ice into the extractor, lowering the temperature of the trim or flower material and causing the trichomes to become brittle and break off more easily. This reduces the amount of time needed for tumbling, and decreases the amount of undesirable leaf particulate that is extracted alongside the trichome pollen. This machine has a one year warranty and comes with product owner's manual to specify periodic maintenance.

Used for: Extracting Kief from cannabis trim and flower.

Ultra Quiet Air Compressor

California Air Tools produces a line of ultra quiet & oil-free air compressors designed to be some of the quietest 2.0 Hp air compressors in the industry, emitting only 58 decibels of sound. Only PSI: 10 – 140 are required for the Rosin press. This machine has a one year warranty and comes with product owner's manual to specify periodic maintenance for air filters.

Used for: Pneumatic air handling for operating the Rosin Press (see below).

Pikes Peak Rosin Press

Rosin refers to an extraction process that utilizes a combination of heat and pressure to extract resinous sap from Kief, trim or flower material. No solvents are required. A Rosin Press is a pneumatic press device that performs this mechanical extraction. It is similar technology to that of a t-shirt press, albeit a little more sophisticated.

The Pikes Peak model we have selected for commercial production Uses 8 tons of pressure (15,300 lbf @ 140 psi compressed air) output from our custom fabricated, oil-less, maintenance-free pneumatic cylinder. And includes even heat distribution from 0°F - 300°F from machined aluminum plates, each with its own thermo-coupler for accuracy. The input voltage is 120/240VAC and the frame and plates are A36 Steel. This machine is insured by the company's warranty and we commit to the manufacturer's maintenance schedule for this machine.

Used for: Press extraction of Rosin concentrate

Homogenizer

The Unidrive X1000D Homogenizer by CAT Scientific is a laboratory instrument used to blend a composite fluid to produce a solution, similar to a kitchen blender. It is typically affixed to a sturdy stand and the rotating head placed within a beaker or vial of fluid that requires blending. The rapid RPM of the drive shaft spins a mixing head at such a speed, and in a controlled manner, that it breaks down molecular bonds which otherwise resist homogenization. This machine has a one year warranty and comes with product owner's manual to specify periodic maintenance. Voltage is 230V/50 Hz or 110V/60 Hz and the motor power intake is 1050 Watts.

Used for: Blending tinctures, topicals and oils

Magnetic Hotplate Stirrer

The MCS78 Programmable Hotplate Magnetic Stirrer by CAT Scientific is a laboratory instrument for precision heating and blending of fluid mixtures, solutions and emulsions.

Its base is a precision hot plate, upon which sits a vessel that holds the fluid that should be mixed. Inside the vessel is a magnetic device which spins like a top, or propeller, stirring the fluid. This machine has a two year warranty and comes with product owner's manual to specify periodic maintenance. The power requirements are 120V, 50-60Hz 500W.

Used for: Decarboxylation, mixing, emulsification

Lab Hot Plate & Double Boiler

Thermo Scientific Cimarec Hot Plates are precision laboratory instruments for heating of fluid mixtures, solutions and emulsions.

A Double Boiler is a set of two fitted saucepans or pots that are stacked together with space between them. The bottom saucepan is filled with water, then the second saucepan is stacked on top. The steam from the bottom pot rises and heats the upper pot, buffering the surface temperature and providing for more control.

Used for: Topical mixtures, emulsification

Vaporizer Cartridge/ Capsule Filling Machine

The task of taking bulk oil formulations and filling vape pen cartridges or pill capsules by hand is tedious, time-consuming and requires exceeding levels of precision. An Automated Vaporizer Cartridge/ Capsule Filling Machine can rapidly fill a quantity of these small vessels with much greater accuracy and speed.

The Thompson Duke MCF1 is a Semi-Automatic, foot pedal operated Vaporizer Cartridge Filling Machine. The machine is a table-top device, in which a solution is fed through a syringe tip, intermittently filling one vessel with a precise quantity before moving on to the next vessel. In preparation for filling, each individual vessel (whether a cart or a capsule) is loaded into in an array mould (10 x 10 units, or 25 x 25 individual vessels, for example), and then filled one at a time. This machine has a two year warranty and comes with product owner's manual to specify periodic maintenance.

Used for: Filling vape pen cartridges, capsules

Labeling Machine

A semi-automatic label applicator machine will take self-adhesive roll labels from 8" to 12" in diameter on a 3" core and apply the label to a bottle surface with precision. Practical minimum container width is about a half inch, with a practical maximum width of about 12 inches depending on the label orientation. This machine is maintenance free.

Used for: labelling flat and tapered containers

Round Bottle Labeler

A semi-automatic round container labeler is a table top device that can apply any type of label to a cylindrical container accurately and efficiently. Similar practical maximum and minimum bottle sizes apply. This machine is maintenance free.

Used for: labelling round containers

Refrigerator

While we will not be producing any manufactured cannabis goods that require refrigeration, a refrigerator will nonetheless be a useful tool in the production of kief and rosin concentrates.

When extracting using the Dry-Sift Kief Extractor, it is beneficial to lower the temperature of the cannabis trim or flower input material, as explained above. Temporary storage of cannabis input material in a refrigerator, prior to kief extraction, can aid in the speed and efficacy of the extraction.

And for rosin, occasionally, the extract produced in the Rosin Press will stick to the parchment or stainless steel surface it is collected on. When rosin products are produced for concentrate form and aesthetic qualities need to be preserved, cooling the rosin concentrate can help to free the bond to the surface of the paper or metal, and reduce the amount of scraping or agitating necessary to manipulate the extract for collection or packaging.

Used for: Chilling trim or flower input material for Kief, ease of handling rosin concentrates

Equipment Qualification

Manufacturers guidelines and user manuals will be referenced in the development of written operating procedures to ensure that each piece of equipment and machinery is suitable, and in an acceptable state, for its intended use prior to operation. Included in these SOPs will be scheduled routine maintenance, contact information for the manufacturer, and all emergency plans for each process.

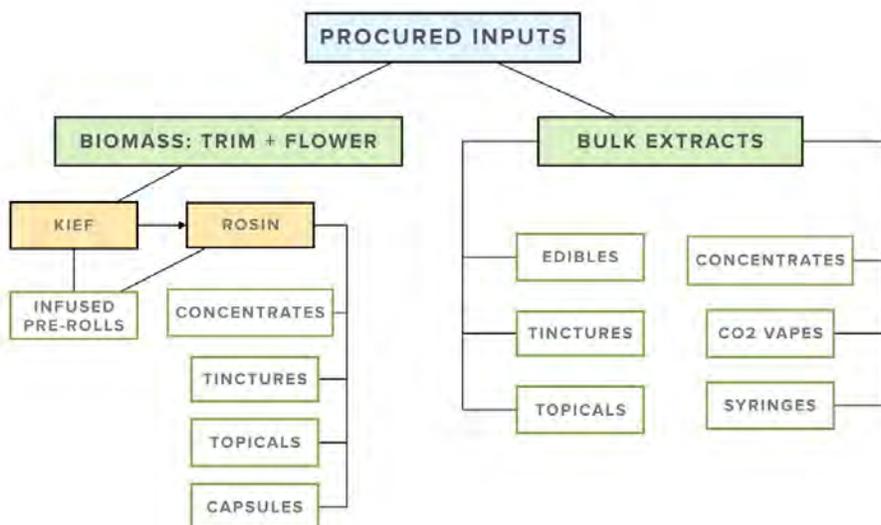
Equipment Cleaning and Maintenance

After completion of each manufacturing process outlined below, all machinery and equipment will be cleaned and sterilized to the standards of cleanliness set forth in our Operational Safety Plan.

We commit to keeping with the manufacturer's maintenance schedule for any specialized equipment requiring maintenance in our facility.

Processes

Process Flowchart



General Overview

Cannabis Biomass or Bulk Extracts will be ordered from a licensed cultivator, processor, manufacturer or distributor, and transported to the Thrive Lab facility by a licensed distributor (either Thrive Migration, or another distributor).

When the product arrives to the facility, it will be accompanied by a manifest and will be tagged with the appropriate track and trace UID and accompanying information, as well as a certificate of analysis for lab tests. We will check that the certificate of analysis corresponds to the batch tested, the label is accurate, the packaging meets required standards, and the proper information is recorded in the state's track-and-trace database.

Once the certificate of analysis is verified for material, loose flower, and/or raw extract input batches, the batches are then moved into the prepackaged holding area of the Manufacturing Storage Room. Once a batch is ready for extract or re-package, it is brought out to the processing floor for our operators to process accordingly.

If the product batch is destined to be extracted in the facility, it will be processed according to the protocols outlined in the corresponding Processes outlined for each

extraction method (listed below). Once the final product is manufactured according to these Processes, it will be assigned to packaging.

If the product batch is destined to be assigned directly to packaging, it will be handled in accordance with the criteria set forth in the section Product Packaging (Page)

Procurement of Input Materials

Thrive Lab will source Cannabis Biomass (trim and flower) material for in-house extraction from licensed cultivators in the region. Thrive Lab may also procure Bulk Extract materials from other licensed manufacturers, for further manufacturing, processing, assembly or packaging. These materials will typically be extracted oil (crude or distillate), but may also include: concentrates, topicals, edibles, tinctures, and any other unbranded bulk manufactured cannabis goods by licensed cannabis manufacturers.

In either situation, Thrive Lab will utilize the distribution services of Thrive Migration, or, on occasion, work with another partner Distributor to procure Cannabis Biomass or Bulk Extract materials for further manufacture, processing, packaging or assembly.

The transfer of title or custody of medical cannabis products is a track-and-trace reportable event, and every instance of transfer will be reported according to state guidelines, accompanied with a manifest and invoice- including transfer of products between Thrive Lab and Thrive Migration.

Cannabis Extraction Processes

Dry Sift Extraction Technique

Kief refers to the accumulation of the tiny, sticky, white crystals covering the cannabis flower, otherwise known as the resin glands/trichomes. They contain the largest amount of the active terpenes and cannabinoids. Kief is extracted using a Dry Sift Kief extractor. The extractor will be installed in its own well-ventilated room, to isolate incidental dust and airborne particulate generated in the extraction process. Dry ice is used in the process of extracting Kief with the Dry Sift Extractor (See “Hazard Analysis” Section for more information about handling protocols for Dry Ice). The process for Dry Sift Extraction is as follows:

- First, alcohol is used to clean the collection area of the chassis of a machine and the inside of the inspection cover to remove dust and any contaminants.
- Next, cannabis flower or trim material, which sometimes is pre-chilled by storing in a refrigerator ahead of time, is inserted into the sifter drum wearing rubber gloves so as to not contaminate the micron mesh of the sifter drum with skin oils.

- Using insulated gloves, dry ice is then inserted into the drum along with the cannabis flower or trim material, to assist in lowering the temperature of the input material and make brittle the trichomes, facilitating in their separation from the plant material.
- Re-install the sifter drum on the chassis, slide the inspection cover into place and turn on the tumbler.
- The time necessary for extraction depends on the amount and quality of the cannabis material being processed. One extraction can run from anywhere between 5 minutes to 1 hour.
- Most of the kief will collect at the bottom of the chassis. Using a fresh kief collector (similar to a credit card) wipe the sides of the inspection cover and sifter drum. Then, carefully remove the sifter drum and place it upright on a clean surface.
- Move the kief to storage in a transparent plastic or glass receptacle where it will be assigned a process UID and protected from airborne contaminants or exposure to excessive light or heat.

To clean the Dry Sift Kief Extractor:

- Use a BPA free plastic bag to cover the sifter drum and turn it upside down to expunge the spent and sifted material (this material can be used for a variety of purposes such as cooking, tinctures). You can then clean the sifter drum while wearing rubber gloves using either a soft-bristled paint brush or an air compressor.
- Spray the tumbler with a solution of 50% to 95% alcohol. The chassis and inspection cover should also be wiped with the alcohol solution. Once everything has dried, the tumbler can be reassembled.

Applications:

The extraction of kief will be done as a preliminary extraction technique, to accumulate Kief Material for the purposes of:

- Further processing into rosin
- For infusing into specialty pre-rolls.

Rosin Extraction Technique

Rosin is a solid form of resin that is obtained by adding pressure & heat to melt terpene sap off of the starting material (kief, trim or flower). Rosin extraction is extremely safe with absolutely no risks of explosion, ignition or serious bodily harm that are possible with flammable and/or pressurized solvents. Some consumers concerned with health issues are beginning to show a preference for concentrates made without potentially harmful solvents like butane and propane. Rosin is also significantly cheaper to produce compared to solvent-based extraction methods, often with comparable yields. Rosin is extracted using a Rosin Press in the following manner:

- The process we will typically use will involve a preliminary task of Dry Sift Extraction (outlined above), to produce Kief which, will in turn, be further extracted in the rosin press.
- Kief (or occasionally trim/flower material) will be placed inside a small mesh bag (36 or 72 micron bag for kief or hash, or 90 or 115 micron for trim or flower). The bag contains the input material, and helps to prevent particulate from being extracted along with the resin.
- A surface is prepared, typically a small piece of parchment paper or stainless steel plate, for collection of the rosin extract that is produced by each pressing.
- Temperature, duration, and pressure settings are calibrated on the Rosin Press.
- The heating plates should be protected from direct exposure to the extract with a layer of parchment paper.
- The bag of material is then placed in the press, and typically, the extract is heated to 280°F degrees and pressed, typically only a brief moment is required, until a rosin is squeezed out.
- The sheets are then covered stored in a protected local area, while cooling, to prevent debris and contaminants from settling onto the extracts. Once cooled, extracts will be kept in a marked receptacle.
- From this form the rosin can be made into a variety of concentrate forms (shatter, budder, honey, sauce) and infused products (tinctures, topicals, capsules, syringes, edibles).
- The raw extract is then placed into a labeled container, assigned a process UID and placed in storage until it is needed for rosin extraction, formulation, or infusion of pre-rolls.

To clean the Rosin Press Extractor:

- Typically the rosin press does not require regular cleaning as the equipment does not come into direct contact with cannabis material or extract. As long as rosin is pressed within a layer of parchment paper, the heat plates will remain clean.
- Isopropyl alcohol and a towel can be used to wipe clean any fingerprints or dust on the machine, or if rosin does incidentally come into contact with the hot plates.

Applications:

The extraction of rosin will be done as a primary as well as preliminary extraction technique, to produce rosin for the purposes of:

- Finished rosin concentrate (single)
- As a cannabis extract that will be used in the production of infused products.

Topical Emulsifying Technique

Topicals are cannabis-infused balm, salve, cream, lotion, or oils that are absorbed through the skin for the relief of pain, inflammation, skin conditions, and other ailments. Cannabinoids absorbed through the skin work by binding to a network of receptors called CB2. These CB2 receptors are found throughout the body and are activated either by the body's naturally-occurring endocannabinoid system, or by cannabis compounds known as phytocannabinoids (THC, CBD, etc). Ingredients, formulation and product viscosity can differ depending on the ingredients and end product, however, a typical manufacturing process involves the following:

- Preparation of the carrier oil and/or wax base (dispersed phase). Depending on the composition of the base ingredients, the application of heat may be required to melt, dissolve, or mix the base ingredients.
- Powdered ingredients, sometimes dry blended in advance, are dispersed into the oil/wax base.
- Hydration of aqueous solution (continuous phase): Emulsifiers, thickeners and stabilizers are dispersed into water in a separate vessel. Heating is required by a hot plate instrument to accelerate hydration.
- Forming the Emulsion: The two phases are blended using either a magnetic stirrer, or a homogenizer, to form the emulsion.
- Dispersion of the Active Ingredient: The active cannabis ingredient- typically rosin- is oil-soluble, and would be blended into the oil base using a double-boiler, magnetic stirrer, or homogenizer, before the aqueous phase is introduced. Extracts makes up only a small proportion of the formulation, and must be efficiently dispersed to maximise efficacy.
- Topicals are then bottled into sterilized containers and labeled with the required information and UID before being placed back in our storage vault for distribution.
- A cannabis product that is not an edible product and that is manufactured for the medicinal market shall not contain more than 2,000 mg of THC per package .
- Topical cannabis products shall only contain ingredients permitted for cosmetic manufacturing in accordance with Title 21, Code of Federal Regulations.

To clean the equipment used in the Topical Emulsifying Technique:

- Mixing equipment will be cleaned using isopropyl alcohol and a towel, and/or with a sponge and soapy water.

Applications:

The mixing/ emulsification of ingredients with cannabis extract will be performed to produce:

- Topical balms, salves, creams, lotions, or oils

Tincture Formulation Technique

A cannabis tincture is a solution of cannabis extract in either food-grade ethanol, or glycerin. Traditionally, ethanol would be used in a primary extraction (washing or soaking cannabis flower or leaf material for a period of time, then straining out the biomass)- but tinctures can also be made by introducing concentrated cannabis in oil.

- First we extract cannabis flower into rosin or we may use post rosin pressed flower to prevent waste
- We then soak the cannabis extract by putting it in a stainless steel container to soak in glycerite or oil or alcohol solvent. It will stay here until it reaches the desired potency.
- We then strain out the plant material with stainless steel screens and keep our concentrated weed liquid using our winged chemical and solvent vapor fume extractors for ventilation and safety
- We then can also evaporate out some of the alcohol to make it more potent according to your own preferences.
- Our cannabis waste is then disposed of in accordance with regulations.

To clean the equipment used in the Tincture Formulation Technique:

- Mixing equipment will be cleaned using isopropyl alcohol and a towel, and/or with a sponge and soapy water.

Applications:

The Tincture Formulation Technique will be performed to produce:

- Tinctures

Decarboxylation Technique

Decarboxylation is a chemical reaction that removes a carboxyl group and releases carbon dioxide (CO₂). THCA in cannabis begins to decarboxylate at approximately 220 degrees Fahrenheit after around 30-45 minutes of exposure. Full decarboxylation may require more time to occur. THCA has a number of known benefits when consumed, including having anti-inflammatory and neuroprotective qualities, but THCA is not psychoactive, and must be converted into THC through decarboxylation before psychoactive effects can be felt.

This is particularly important for preparing products for oral consumption that wouldn't otherwise be exposed to heat, like edibles and tinctures.

- Pre-extracted cannabis concentrate (either procured from a licensed manufacturer, or Kief/Rosin solution produced in-house) will be measured out and placed into a tempered glass vessel.
- The vessel of cannabis concentrate is placed on the magnetic hotplate stirrer and heated to 220 F for at least 30-45 mins, or longer, depending on the desired effect.
- When finished, the heated vessel of cannabis concentrate will be removed from the magnetic hot plate using protective gloves and placed aside to cool to room temperature, or placed in the refrigerator to accelerate cooling.
- The decarboxylated cannabis concentrate will then be placed in a marked storage vessel, assigned a process UID, and placed in storage until needed for further product formulation.

To clean the equipment used in the Decarboxylation Technique:

- Mixing equipment will be cleaned using isopropyl alcohol and a towel, and/or with a sponge and soapy water.

Applications:

The Cannabis Decarboxylation Technique will be performed as a secondary process to prepare cannabis concentrate for the production of:

- Tinctures, Capsules, Edibles, Oil Syringes

Hard Candy/ Mint Edibles Preparation Technique

Once decarboxylated, THC, along with other Cannabinoids, can be consumed orally. Hard Candy and Mints are some of the most popular and straightforward edible formulations, requiring a minimal number of raw ingredients to produce.

- The first step of production involves blending the ingredients together (sugar/ sugar alternatives, water, natural color and flavorings, and cannabis extract) in a stainless steel or tempered glass vessel, and placing it on top of a Magnetic Hotplate Stirrer.
- Precise amounts of cannabis and food ingredients are measured, to provide dosage consistency.
- The solution is heated sufficiently to facilitate the blending of ingredients, typically to 300°F (141.5°C).
- A hard candy or mint mould is used to contain the solution in a specific size and shape.
- The hard candy or mints are then poured into molds and are covered and shelved for solidification.

- When the mints are set and finished by the processes described above, they are carried to packaging machines to be wrapped, packaged, and labelled, then held in the Storage Room to await transfer to a distributor.
- Single-serving edibles may not exceed 10mg per serving.
- Packages of edibles may not exceed 100mg per package.

To clean the equipment used in the Hard Candy/ Mint Edibles Preparation Technique:

- Mixing equipment will be cleaned using isopropyl alcohol and a towel, and/or with a sponge and soapy water. Moulds will be washed, sanitized and rinsed in the facility sink.

Applications:

The Hard Candy/ Mint Edibles Preparation Technique will be performed as a final process to produce:

- Hard Candy, Mints

Honey Infusion Technique

Once decarboxylated, THC, along with other Cannabinoids, can be consumed orally. Infused Honey is a straightforward edible formulation, requiring a minimal number of raw ingredients to produce.

- The first step of production involves slightly heating the honey in a stainless steel or tempered glass vessel, and placing it on top of a Magnetic Hotplate Stirrer.
- Precise amounts of cannabis and food ingredients are measured, to ensure consistent dosage.
- The ingredients are mixed, jarred, sealed and held in our cooled storage vault

To clean the equipment used in the Honey Infusion Technique:

- Mixing equipment will be cleaned using isopropyl alcohol and a towel, and/or with a sponge and soapy water.
- ***Applications:***

The Honey Infusion Technique will be performed as a final process to produce:

- Infused Honey

Infused Pre-roll Assembly Technique

A standard pre-roll is a cannabis cigarette that is produced by rolling cannabis flower in a smoking paper and affixing a “crutch”, or filter tip, to one end. An infused pre-roll is the same, with the addition of kief and/or rosin concentrate applied to the surface or inside of the cigarette. The Infused Pre-roll Assembly Technique is as follows:

- The necessary ingredients to perform this technique are kief, rosin and pre-rolls. In advance of beginning this technique, standard Pre-rolls assembled in the Thrive Migration distribution facility will be procured, and a working quantity of kief and rosin will be produced.
- A quantity of rosin concentrate will be placed in a tempered glass dish, and placed on top of a Lab Hot Plate, then exposed to low heat, to increase rosin viscosity.
- A precision weighing instrument capable of measuring fractional gram increments will then be used to measure out a specific and minute quantity of rosin, typically .3g.
- Each increment will then be set aside on a sheet of parchment paper in a row.
- A quantity of kief concentrate will be similarly portioned out in .2g increments on a separate parchment paper sheet, in preparation for assembly.
- When the constituent parts are assembled for a batch, a single pre-roll will be selected from the batch, and one at a time, Rosin increments will be gently applied to the external surface of the pre-roll around the tip that gets consumed, taking care to cover a uniform surface of the pre-roll cylinder. Once rosin has been applied to a pre-roll, the pre-roll is set aside temporarily while the rest are applied.
- Once rosin increments have been applied to all pre-rolls in the batch, pre-measured increments of kief will then be applied to the pre-rolls, taking care to spread a uniform layer of kief over the pre-applied layer of rosin around the tip that gets consumed.
- Once kief and rosin have both been successfully applied to the external surface of the cylinder of the pre-roll, the pre-roll is set aside on a piece of parchment.
- Once kief and rosin have been applied to all pre-rolls in the batch, each single infused pre-roll will then be placed in individual tube packaging, assigned a UID, and placed in storage for transfer to a distributor.

To clean the equipment used in the Infused Pre-roll Assembly Technique:

- Assembly tools and working surfaces will be cleaned using isopropyl alcohol and a towel.

Applications:

The Infused Pre-roll Assembly Technique will be performed as a final process to produce:

- Infused Pre-rolls (single)

Procedures

Standard Operating Procedures

Thrive Lab will develop a comprehensive set of Standard Operating Procedures and make it a requisite that all facility personnel read, understand and follow all SOPs. Personnel will be trained in the use of SOPs and refresher trainings will be held at least once a year. SOPs will be kept accurate and revised whenever a change to any processes or improvement to a procedure is made.

Our facility technicians will follow SOPs closely, for each manufacturing process to be carried out, taking strict and observant records on every step of the process. This will ensure quality, consistency, and organization as well as create a trackable record for any cases of irregularity or contamination.

As per regulation, Thrive Lab SOPs will include, at a minimum, additional policies and procedures pertaining to security, emergency response, track-and-trace reporting and compliance, inventory control and reconciliation, and waste management.

Master Manufacturing Protocol

Thrive Lab LLC will establish and follow a written master manufacturing protocol for each unique formulation of cannabis product manufactured, and for each batch size, to ensure uniformity in finished batches and across all batches produced. It shall identify specifications for the points, steps, or stages in the manufacturing process where control is necessary to ensure the quality of the cannabis product and that the cannabis product is packaged and labeled as specified in the master manufacturing protocol.

Our master manufacturing protocols include:

- Specifications for each point, step, or stage in the manufacturing process where control is necessary to ensure the quality of the cannabis product and that the cannabis product is packaged and labeled as specified in the master manufacturing protocol.
- Procedures for product and/or batch sampling, and a cross reference to procedures for product testing and examination, and/or batch precautions to be followed.
- Written batch production record every time a batch of a cannabis product is manufactured.
- UID and, if used, the Batch or lot Number of the finished batch of cannabis product and the UIDs of all cannabis products used in the batch.
- Date and time of the maintenance, cleaning, and sanitizing of equipment.
- Results obtained during any monitoring operation.

- Results of any testing or examination performed during the batch production.
- Date and initials of person processing each step in the batch.
- Implementation of controls and procedures to ensure that each batch of manufactured cannabis product meets the specifications for random batch testing in every phase of manufacturing processes, as well as a detailed log recording the results.

Product Packaging

Prior to transferring any product to the possession of a distributor, Thrive Lab will ensure that the product is in finished state and is labeled and packaged in its final form for retail sale. All Manufactured cannabis will be packed in child-proof, tamper evident packaging. The Universal Symbol will be placed on the primary panel of all manufactured cannabis goods produced in the facility.

For more information about Packaging & Labelling, See *Section 6: Enhanced Product Safety*.

Product Labelling

All manufactured cannabis goods produced in the Thrive Lab facility will comply with the labelling requirements in Article 2, Section 40405-40408 of the Manufactured Cannabis Safety Regulations.

Additional information can be found in *Section 6: Enhanced Product Safety*.

Product Storage

[REDACTED]

Transfer to Distributor

[REDACTED]

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(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-72
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has (have) been redacted or withheld from public disclosure, as determined by

Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

because the information contained therein is exempt from disclosure under the following Government Code provisions:

Mark with "X" where applicable	Government Code provision:	Examples of information that may be withheld pursuant to each government code section:
	Section 6254, subd. (c)	Personal, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of privacy
X	Section 6254, subd. (f)	Investigatory or security files compiled by a local agency for licensing purposes
	Section 6254, subd. (n)	Licensee's personal financial data
	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
	Other	(Provide explanation below)

Explanation for redaction:

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Every individual package of manufactured cannabis will be assigned its own UID, and batches, or boxes of individual manufactured cannabis units, will be assigned a UID of their own. Before transferring title or custody to a distributor, Thrive Lab will work with the partner distributor (either Thrive Migration, or a 3rd party distributor) to produce a shipping manifest and purchase order/ invoice to accompany the product in transit, as well as any applicable Certificate of Analysis, and Cultivation Tax amounts due.

Hazard Analysis

Thrive Society will conduct and prepare a written hazard analysis to identify and evaluate known or reasonably foreseeable hazards for each type of cannabis product produced in our facility in order to determine whether there exists any hazards requiring a preventive control. Materials Safety Data Sheets (MSDS) for all hazardous materials will be developed and posted within the facility.

We have identified dry ice, 71% isopropyl alcohol, and food-grade ethanol as three hazardous materials that will be used in the production and cleaning processes of our facility. Proper MSDS and protocols will be developed and implemented for the handling of these items.

Dry Ice

Dry ice (frozen carbon dioxide) will be used in the Dry-Sift Kief extraction process. Dry ice that is stored in the facility will be kept in a secure, insulated container. The quantity of dry ice stored in the facility at any given time will not exceed the quantity needed for two days of continuous extraction in the Dry-Sift Kief extractor, or 50 pounds, whichever is lesser. When handling dry ice, protocols will require the wearing insulated gloves and protective eyewear.

71% Isopropyl Alcohol

Isopropyl alcohol will be used for the cleaning and sterilization of equipment, countertops, and exposed surfaces. The presence of water is a crucial factor in destroying or inhibiting the growth of pathogenic microorganisms with isopropyl alcohol. Water acts as a catalyst and plays a key role in denaturing the proteins of vegetative cell membranes. 70% IPA solutions penetrate the cell wall more completely which permeates the entire cell, coagulates all proteins, and therefore the microorganism dies. When cleaning with Isopropyl Alcohol, protocols will require the wearing of nitrile or latex gloves and protective eyewear. Air ventilation equipment will prevent the accumulation of hazardous Isopropyl Alcohol vapors during the regular course of work in the facility.

Food-Grade Ethanol

Food-Grade Ethanol (200 Proof Ethyl Alcohol) will be used in the production of cannabis tinctures. When producing tinctures with Food-Grade Ethanol, protocols will require the wearing of nitrile or latex gloves and protective eyewear. When opened, containers of ethanol can produce hazardous vapors. Open containers of ethanol will only be permitted during the active formulation, production or bottling of tincture products and in areas serviced by the Flow Hood Exhaust System, to prevent exposure to or accumulation of hazardous vapors.

Joint Operational Standards

The following sections outline protocols and procedures which are shared jointly between the **Thrive Migration** (distribution) and **Thrive Lab** (manufacturing) operations:

Hours of Operation



Safety and Security

The Safety and Security Plan in our application is comprised of three main sections, will describe in detail our standard operating procedures for each of the following:

- A. **Facility Security Plan:** The purpose of the Facility Security Plan is to outline all the protocols and measures Thrive Society will implement to ensure that our distribution facility is secure and compliant with all state and local regulations governing security. The standards and procedures outlined here are designed to prevent incidents of theft, crime, or diversion of cannabis to the unregulated market, and to provide a safe working environment while protecting against diversion and access by minors.
- B. **Operational Security Plan:** The purpose of the operational security plan is to ensure security and compliance in all aspects of business operations and activities, including personnel training, secure transportation, and procedures for security incident response.
- C. **Fire Prevention & Safety Plan:** The purpose of the Fire Prevention & Safety Plan is to prevent a fire from occurring in or near the facility, and to proactively mitigate the risk of fire by employing safety procedures and protocols.

For more on Safety and Security, see *Section 4: Safety & Security*.

Record Keeping

Licensed cannabis distributors are required to retain records relating to commercial cannabis activity for at least seven years. Records will be kept in such a manner as to allow the Bureau of Cannabis Control and any other authorized enforcement agency the ability to request a hard copy or electronic copy of any and all records to be produced at

[REDACTED]

[REDACTED]

Manufacturing Product Storage

[REDACTED]

[REDACTED]

Informational Lab Testing

Testing needs for informational and research & development purposes, for both manufacturing and distribution operations, will be routine and frequent. Thrive Society will prioritize business relationships with suppliers who can produce a verifiable Certificate of Analysis attesting to the compliance of the cannabis or cannabis products they offer for sale or transfer.

To assist in meeting the internal analysis and verification needs that our manufacturing and distribution facilities will face, Thrive Society is considering the purchase of an in-house testing device, for testing flower material potency and purity. The Sage Beacon, the G by 908 Devices, and the Lightlab by Orange Photonics are all devices on the market that may be suitable for this purpose. The test results of these in-house devices cannot be utilized for state-mandated quality assurance testing, but can be helpful for informational purposes.

In the interim, our laboratory partner, Pure Analytics, will be conducting informational testing on Thrive Society's behalf.

Cash Management And Accounting

[REDACTED]

Our primary Accounting System will have the capacity to integrate with METRC software, the California Track-and-Trace system (CCTT), which is a 'seed-to-sale' supply chain system for tracking and monitoring all commercial cannabis inventory and activity across the distribution chain allowing California to fulfill its statutory mandate per MAUCRSA. For more information, see the *“Track and Trace” Section (Page 49)*

We will also hire a 3rd party controller, such as Complete Controller, to keep a close eye on all of our record keeping and books. This will ensure we are audit ready, that all of our accounting is congruent with our books and records, and to assist in the creation of quarterly financial reports.

[REDACTED]

Workplace Accessibility

We intend to operate a business which meets state and federal requirements for workplace accessibility and occupational health and safety, and employment law.

Our building is equipped with an elevator and a ramp for ADA compliance. The building's bathroom facilities are wheelchair accessible. Our proposed site plan building improvements follow local building codes and meet or exceed the ADA Standards for Accessible Design for new construction and alterations. All of our online services are available via electronic information technology that is accessible to people with disabilities.

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Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-75 - TSL-M.nv.C.p.D.f-79
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Occupational Health and Safety

CAL/OSHA provides a free consultation service for businesses wishing to develop compliant workplace health and safety regimens. Areas of concern may include repetitive strain injury, MSDS, the proper fitting of respiratory equipment, and workers compensation. Thrive Society will engage the department's free consultation service to ensure our business meets or exceeds these workplace safety standards.

Odor Mitigation and Control

Thrive Society will implement measures that will eliminate odor issues resulting from our operations. Thrive Society plans on installing an activated carbon filtration system and filters on the HVAC systems that will mitigate odor nuisances.

Operational protocols will be upheld to limit the exposure of open cannabis containers to ambient air to mitigate odors at the source. Open containers of cannabis and cannabis products will be permitted only in authorized areas of the facility, and only for good reason.

Odor Mitigation Equipment

The odor control equipment used within the facility includes:

Portable Room Air Cleaner

The Model 300 Portable Room Air Cleaner is a highly efficient and portable ambient room air cleaner. This unit is equipped with a powerful fan and high-quality HEPA filtration media that is up to 99.97% efficient on particles 0.3 microns and larger. Activated Carbon filtration is also an option for the removal of organic chemicals and odors. This system features quiet operation, low power consumption, and variable speed control. The small footprint of the Portable Room Air Cleaner makes it an ideal choice for smaller environments that require air purification.

The Model 300 Portable Room Air Cleaner can provide an effective and economical solution for our laboratory and industrial ambient air cleaning applications. This machine has a two year warranty and comes with product owner's manual to specify periodic maintenance. Electrical requirements: 115/1/60, 2 amps - 220/1/50, .75 amps.

CosaTron Air Purifiers

One CosaTron Model LC2000 mounted on the HVAC system and at least two CosaTron Model RV750's to be utilized in the occupied space. For efficient odor removal, the system will create an air recirculation rate of about 12-15 times per hour which equates to

4,500 – 5,625 CFM. The combination of the LC2000 system on the return of a 5 ton unit (2,000 CFM) and two RV750 systems (1,000 CFM each) will get us to the appropriate air change rate. This equipment is for adequate control over air pressure, microorganisms, dust, humidity and temperature and appropriate for the manufacture, processing, packaging or holding of cannabis products.

Horizontal Negative Pressure Fume Extractor

The Model 300 Winged Sentry is a benchtop fume extraction unit that offers a unique design and horizontal airflow pattern. It features infinitely adjustable “wing flaps” to assist in directing contaminated air towards the unit’s inlet and into the filter chamber while the operator works between the wings. This system offers hood-like containment without the confinements of working within an actual hood. We can place these wings in the most effective position for the application, or they can be placed flat against the sides of the unit to conserve space. Typical applications performed in conjunction with the Winged Sentry are fume extraction, pharmaceutical applications like powder and capsule filling, R&D, and any other applications that involve VOC fumes and dusts. We will select appropriate filtration media for the Winged Sentry based on the application being performed by the operator for odor, and particulate control. HEPA [up to 99.97% efficient on particles 0.3 microns and larger], ASHRAE [up to 95% efficient on particles 0.5 microns and larger], and Activated Carbon are the most common options for this unit. We will utilize this machine with our rosin press and extract fillers. Variable Speed Control Standard on 115V: 350 CFM High, Down to 50 CFM Low: 115/1/60, 2 amps to 220/1/50, .75 amps. This machine has a two year warranty and comes with product owner’s manual to specify periodic maintenance.

Air Handling System Standards

In Addition, Thrive Society plans on installing an activated carbon filtration system and filters on the HVAC systems that will mitigate odor nuisances. The system installed include the following features:

- A charcoal air filtration system, including pre -filters and particulate matter air filters, on air supplies to production areas, with the intakes placed in areas of highest anticipated contaminant concentration. The ambient air will be circulated through the activated carbon filters and discharged clean. Air handlers will maintain a ventilation rate of at least 15 cfm/occupant based on occupancy of 30 persons at any given time.
- Periodic testing shall be conducted to ensure that the odor control systems are operating appropriately. As the filters age, replacement will be required and will be conducted, as determined by the calibrated sensor on the test equipment.

We will utilize testing standards in accordance with Standardized Odor Measurement Practices for Air Quality Testing. Testing shall be done using a field Olifactometer, calibrated in accordance with ASTM E544-75 and AWMA odor control standards. We will plan scheduled odor monitoring walkabouts periodically around the exterior of the site and near the exhaust system.

Weights and Measures

Weighing devices used in the facility will be approved, tested and sealed in accordance with Chapter 5 (commencing with Section 12500) of Division 5 of the Business and Professions Code, and registered with the Nevada County Sealer of Weights and Measures.

Approved and registered devices will be used whenever:

- Cannabis or cannabis product is bought or sold by weight or count;
- Cannabis or cannabis product is packaged for sale by weight or count;
- Cannabis or cannabis product is weighed or counted for entry into the track-and-trace system

Cannabis Waste Disposal

All waste, including waste composed of or containing medical cannabis products, will be securely stored and disposed of in accordance with applicable state and local laws and regulations. No medical cannabis waste will ever be sold or distributed to a cultivator, manufacturer, dispensary or other licensed entity. All aspects of the cannabis and cannabis byproduct wastes, weights, ID numbers and associated data is stored in the system indefinitely. Destruction event information and explanations are also documented and stored within the track-and-trace software system. This data cannot be modified or deleted by the dispensary center employees or even by track-and-trace software. Track-and-trace software records manual inventory adjustments through a detailed notes section. The reason for disposal and, if applicable, disposal company are recorded and archived to the 16-digit barcode associated with the disposed cannabis.

As with all transactions in the track-and-trace software system, the employee responsible for the transaction is required to enter a PIN number or biometric fingerprint recording the date, time, and reason for the transaction.

Waste Disposal Procedures

Cannabis waste products may occasionally be generated in the normal course of operations (cannabis by-products, spoiled goods, or cannabis flower or manufactured

cannabis which arrives to our facility but does not pass quality assurance (lab screening and is deemed to be un-remediable).

In compliance with state regulations, all cannabis waste will be quarantined and temporarily held in a secure locked receptacle. Prior to rendering the medical cannabis unusable and unrecognizable, authorized employees will enter date/time, UID/ batch number, weight, quantity, type of product or strain of flower, and disposal reason information about the medical cannabis into the track-and-trace system. At least two authorized personnel, including at least one supervising manager, must be present during the disposal process, and all parts of the disposal process must take place under video surveillance that has been confirmed by a supervising manager to be operational. The documentation of this event will be maintained for at least 5 years. All cannabis waste products will be removed from their packages and rendered unusable and unrecognizable by mixing with a minimum of 51% non-cannabis material prior to being sent to an authorized off-site composting or disposal facility.

Prevention and Detection of Diversion and Theft

Prevention of diversion and theft is of highest priority for our management team, for state and local regulators, and for law enforcement. In addition to assuring that the facility perimeter is secure, risk mitigation strategies shape all aspects of day-to-day operations in Thrive Society's distribution facility. Our Security Plan is multi-faceted, and more details can be found in *Section 4. Safety and Security*.

Zero tolerance for diversion

Any person that is part of or aware of any theft or diversion of cannabis will result in immediate termination and reporting the incident to the proper authorities. Affirmative consent to this policy will be a precondition of employment.

Inventory Reconciliation

The Bureau of Cannabis Control's distribution regulations require that a full inventory reconciliation occur at a minimum every 14 days. The Department of Public Health's manufacturing regulations require a full reconciliation occur every 30 calendar days. If any inventory discrepancies are discovered between the physical inventory and the track-and-trace system record, management will conduct an audit.



REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-83
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Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

because the information contained therein is exempt from disclosure under the following Government Code provisions:

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Local and State Law Compliance

Compliance with Nevada City Ordinance 2017-06

Thrive Society commits to compliance with the key requirements for Medical Cannabis Businesses, through the application and permit approval process contained in Title 9, Chapter 9.22 of the Nevada City Municipal code, and resolutions adopted pursuant to this Chapter.

We shall obtain a medical cannabis business permit from the City before commencing operations. We will maintain compliance with all applicable state laws pertaining to our operation including obtaining all necessary licenses from the state, and shall comply with all applicable operational and zoning requirements set forth in the Nevada City Municipal Code.

We understand that within ten (10) calendar days after the date of a decision of the City Manager or his designee(s) may revoke, suspend or deny a permit, or to add conditions to a Permit, or within ten (10) calendar days after the Planning Commission has approved or denied an application for a medical cannabis business permit, an aggrieved party may appeal such action by filing a written appeal with the City Clerk setting forth the reasons why the decision was not proper. We understand the written request for an appeal and the appeal hearing process.

We will work closely with the planning commission, engineers, architects, law enforcement, and Fire Marshall to establish a fully secure, discrete and compliant business in our facility. We shall comply with the security plan submitted, once is approved by the City Manager. which may include building specifications, lighting, alarms, and state licensed security personnel. In our business plan, we have implemented all security requirements for security surveillance cameras, security video recording and retention, the alarm system, and creating an emergency plan for report to the Nevada City Police Department for any criminal activity occurring on the cannabis business site.

Our proposed facility meets the zoning requirements set forth for appropriate manufacturing zoning and cannabis business districts set forth in Section 17.142 of the Nevada City Municipal Code. We will comply with all the packaging and labeling requirements set forth by the city and the state. Thrive Society will work together with the City and Planning Commission to modify or alter our proposed plan to address any

outstanding questions or concerns raised, and further commit to fostering a relationship of trust and open communication with our partners in City Hall.

Compliance with California State Laws

Thrive Society commits to compliance with all applicable state laws, including but not limited to, the MAUCRSA and regulations governing commercial cannabis businesses promulgated by the Bureau of Cannabis Control, the Department of Public Health, and the Department of Tax and Fee Administration:

- California Code of Regulations, Title 17 Division 1 Chapter 13, *Manufactured Cannabis Safety*
- California Code of Regulations, Title 16 Division 43, *Bureau of Cannabis Control*
- California Code of Regulations, Title 18, Division 2, Chapter 8.7, and Title 18, Section 3700, *Cannabis Tax Regulations*

Designating a Compliance Officer

Ongoing compliance needs will be extremely important. Lyle (Basil) McMahon, Vice-President of Thrive Society, will be our designated in-house Compliance Officer. He is proficient in cannabis regulations at large. He is a member in the policy committee of the California Growers Association, active with the Cannabis Distributors Association, and longtime member of the Nevada County Cannabis Alliance.

Basil will help ensure good manufacturing practices are used concerning all aspects of cannabis product manufacturing, including disease control, cleanliness, personnel, proper storage, cleaning of equipment, sanitary operations, batch production, Track-and-Trace Program requirements, waste management, and facility construction and design. He will assure the care that must be taken in dealing with raw materials and ingredients. Our compliance officer will also oversee manufacturing operations including hazard analysis, preventive controls, inventory control, weights and measures, and machinery qualification. As part of our operational plans, our manufacturers must adequately train employees, handle product complaints, and manage recalls. We will also address significant regulatory concerns in the areas of product standards, safety and security, labeling and packaging, Track-and-Trace and many others.

If areas of specific expertise arise that are beyond the knowledge base of our compliance officer, he has extensive contacts with lawyers, accountants, our controller, HR Company, and respected industry advisers who are available to advise and assist in finding solutions to maintain compliance and model best practices.

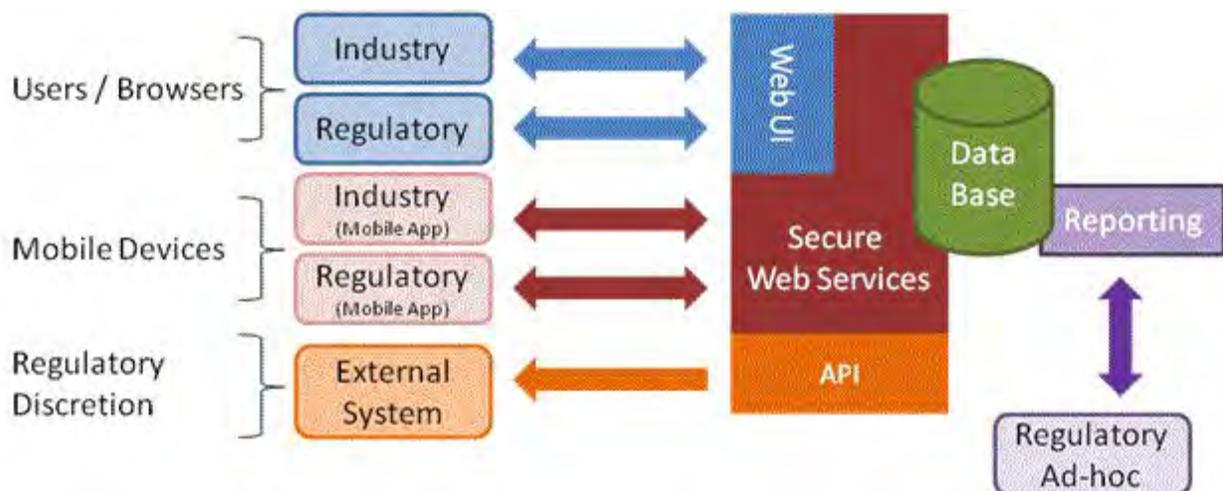
Track and Trace System

Track and Trace Overview

Thrive Society will utilize track-and-trace reporting software compatible with METRC Franwell, the vendor selected by the State of California. The METRC (which stands for *Marijuana Enforcement, Tracking, Reporting and Compliance*) track-and-trace interface is a state-of-the-art inventory control system designed for the production and distribution of legal, regulated medical cannabis throughout the licensed cannabis supply chain in California. METRC has become the most widely used track-and-trace inventory control system in states which have implemented medical and adult-use cannabis regulatory regimens.

General Track and Trace Guidelines for Diversion Prevention

METRC's track-and-trace system incorporates the use of RFID (Radio Frequency Identification) technology combined with serialized item tracking, the system creates an "end to end" surveillance system where the government oversight representative has real-time visibility at any given time into the inventory at all the locations (does not rely on audits for tracking). The state regulatory agencies can decide whether to allow external systems the use of an API to pull data on a secure validated connection. Finally, the regulatory body can use the reporting engine to build ad-hoc reports based on their individual needs.



Track-and-trace inventory control and reporting flow diagram

Third Party System Integration

We have identified BioTrackTHC, Viridian Sciences and Flowhub as leading 3rd-party vendors in Point of Sale systems for cannabis businesses and integrates state-mandated Seed-to-Sale traceability technology. We will be selecting a 3rd party vendor to incorporate additional integration features between inventory control & reporting needs, as well as our accounting software system.

Track and Trace Account Conduct

As per state regulations, Thrive Society will establish an account in the state's track-and-trace system prior to engaging in any commercial cannabis activities and maintain an active account while licensed. Thrive Society will designate at least one of the owners to be the track-and-trace system administrator. We will conduct training prior to accessing the system and participate in ongoing training as required by state regulations.

Track and Trace Users

Management will designate track-and-trace system users, as needed, and require the designated users to be trained by our track-and-trace system administrator in the proper and lawful use of the track-and-trace system before the designated users are permitted to access the system. We will maintain an accurate and complete list of all track-and-trace system administrators and users and update the list immediately when changes occur. We will cancel any track-and-trace system administrator or user from an associated track-and-trace system account if that individual is no longer a licensee representative or the administrator. As per state regulations, we will correct any data that is entered into the track-and-trace system in error within 24 hours of discovery of the error.

Timeline

Timeline Overview

Our timeline includes a proposed multi-phased approach to develop and grow our business. Our goal is to establish a strong operational foundation in the core activities and internal management systems necessary to build a successful business in a highly regulated market, and then incorporate additional activities necessary for company growth upon meeting specified performance benchmarks. We are mindful of executing

on each step and not spreading ourselves too thin early on, and this approach guides us to structure the roll-out of our operations.

February

- Submit City application to the Planning Commission
- Finalize proposals for construction build out

March

- (60 day waiting period)

April

- Presentation before planning commission for approval
- On approval of Thrive Society's permit, submit building plans to the planning commission for building approval
- Finalize design for packaging
- Buildout of interior upgrade, Hvac, and odor mitigation systems

May

- Submit State application for temporary licensing
- Completion of interior upgrade, Hvac, and odor mitigation systems
- Order equipment and packaging
- Install all security measurements and alarm systems
- Establish IT systems, track and trace, and SOP for all systems
- Complete final inspections from the planning commission
- Obtain approval from State for temporary licensing
- Begin retrofit on transportation vehicles

June

- Begin Operations for Distribution Division
- Phase I of Operating Plan
- Launch In house brands

July

- Implementation of the track-and-trace program

August

- Open Manufacturing Division
- Begin Phase II of Operations Plan

October

- Phase III of Operations Plan

Build-out

We have contracted Siteline Architecture to design our site plan and proposed tenant improvements. They will continue to complete the plans required for permitting for the buildout of our interior walls, doors and storage cooler vaults. We are working with Brewer Heating and Air Cooling for our odor Mitigation and HVAC buildout. These steps are priority in our buildout process as well as installing the alarm and security systems once the buildout is complete. We will use local contractors Beam Easy Living or Gold Country Security to install our surveillance systems once build-out is complete.

Phase I

Once final inspections have been completed of the facility-build out and our temporary state licenses have been secured, Thrive Society will first begin implementing Phase I of our Business Development Plan. Phase I is focused on distribution of 3rd party goods as well as in-house branded flower and pre-rolls. In this stage, we will be dialing in all our internal systems that will serve as the infrastructure for expansion of business activities. Examples of these internal systems and core activities include:

- Personnel training and implementation of SOPs
- Sourcing supply from permitted cultivators and manufacturers
- Transportation protocols to/from facility, and shipping manifests
- Protocols for product testing and sample selection
- Launching of limited in-house brand campaigns
- Establish sales accounts with permitted retailers
- Packaging and labelling of in-house branded flower and pre-rolls
- Distribution of established 3rd party products to permitted retailers
- Implementation of the track-and-trace program (July 2018)
- Implement procedures for the proper disposal of cannabis waste
- Anticipatory preparations for Phase II of Business Development Plan

Phase I will involve only a limited amount of activity pertaining to the manufacturing aspect of the facility. We expect that our quickest path to sustainable revenues is to focus on dialing in the distribution activities and internal systems to ensure an efficient and successful scaling of the business.

Phase II

In Phase II, while continuing with a lean strategy, we increase the complexity of distribution activities and introduce activities in the manufacturing sides of the facility:

- Build our base of retail customers, using CRM system and Sales Director
- Increase the pool of suppliers we service, and establish variable service agreements
- Integrate METRC with 3rd party inventory management & accounting software systems
- Begin packaging and order fulfillment service for existing brands
- Begin production of non-solvent extraction (Kief, Rosin) in manufacturing facility
- Do market research in advance of launching full in-house product lines
- Anticipatory preparations for Phase III of Business Development Plan

In the manufacturing side of the facility, we propose starting with the simplest and most direct pathways to sustainable revenue, which we believe are:

Packaging of manufactured products for other licensed manufacturers

For example, one of our prospective licensed suppliers has expressed that they are quite busy doing the co2 extraction activities of their product production, and would like to find a partner manufacturer to assist in filling and packaging their vape pen cartridge products. As a manufacturer who is also a distributor, we could generate revenue by performing these manufacturing services, and then assisting in the distribution of the product to the retailer.

Production of Rosin-based concentrate products

Rosin concentrate products are relatively to produce compared to other more complicated process techniques, and command a respectable amount of market share.

Phase III

As we establish a base of production activity in the manufacturing side of the facility to complement the existing distribution operations, our management team will dedicate time to prepare for Phase III, the final phase of the Business Development Plan, in which we will:

- Formulate additional value-added products like tinctures, topicals, and a limited edibles line

- Develop branded product lines that will be launched into the market with full PR, marketing and advertising
- Market our distribution services for special service revenues, including: product recall, remediation, product transportation to permitted special cannabis events

Organizational milestones will be the metric that we use to determine the As we enter Phase II, and then again in Phase III, we will dedicate the personnel and financial resources necessary to succeed as we expand to occupy the full premises of our facility, and the full scope of activities permitted by the distribution and manufacturing state licenses we are seeking.

Marketing Plan

Market Analysis

Thrive Society seeks to establish a business providing licensed and secure product distribution services, and producing artisan medical extracts and infused products, with a specific emphasis on elevating emerging brands based in Nevada County and the Sierra Foothills region (in jurisdictions where, and when, medical cannabis business permitting becomes available).

Thrive Society's marketing strategy is to emphasize the social and ecological values of craft cannabis, and tell compelling origin stories about its heritage. As a distributor we will play an important role in driving demand, differentiating our product offering by developing brands consumers will authentically connect with, and conducting our business in a way that makes visible the values we uphold. Through maintaining enduring relationships with local trade organizations, advocating for cannabis appellation development and supporting co-operative farming efforts, we will work to proactively develop brand awareness of the unique qualities that make our region's craft cannabis culture so special.

Licensed cannabis cultivators and product makers who aim to establish reputable brands will depend on knowledgeable and trustworthy distribution and manufacturing partners to get their products on the shelves of dispensaries, and in the hands of patients and consumers.

With a new regulatory framework now in effect, the cannabis industry in California is in the midst of transformation. This presents an opportunity to position a home-grown cannabis distribution company with the right values and community ties to carry on in the tradition of sustainable start-up businesses that our hometown is known for. We feel that we are uniquely well-positioned to serve as a nexus that can provide leadership in the

region, differentiate our supply network in the market and step up to meet growing consumer demand for artisan cannabis.

Marking Compliance

As a permitted cannabis Distributor and Manufacturer, the nature of our business is primarily “B2B”- both our suppliers and our customers will be other permitted cannabis companies. While it is important to foster a good reputation with the end consumer, ultimately the success of our business is contingent upon providing our customers (permitted dispensaries, delivery companies, and other distributors) good service and quality product.

Thrive Society will produce branded cannabis products within the facility. Our marketing plan for our products will target adult consumers. Extensive marketing analysis will be conducted to identify opportunities and inform brand strategies.

Advertisement

Under no circumstances will marketing or advertising materials, or products/services be designed to appeal to children or minors. All of our marketing & advertising communications will comply with additional state regulations, including:

- Ensuring that all advertisements are placed only in publications in which 71.6 percent of the audience is reasonably expected to be 21 years of age or older, and verified by up-to-date market information.
- In all of our own communications (including websites, direct marketing, mailing lists, and phone communications), verifying that the viewer/user is 21 years of age or older.

Financial Projections

Thrive Society, with the help of an experienced CFO, developed a financial model that is based on data, comparable businesses and our operational capacity. We have also consulted with other distributors in the industry to receive support and guidance in our data sets. We feel confident in our projections and believe they are conservative with a cushion included.

3-Month Pro Forma

[Redacted]

[Redacted]

Proof of Capitalization

[Redacted]

3-Year Pro Forma

[Redacted]

[Redacted text block]

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Parking Plan

The intent of the parking plan is to provide an analysis of the parking needs of our proposed business, to mitigate any negative impacts and to outline efforts we will make to stay in compliance with City Codes pertaining to off-street business parking requirements.

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-93 - TSL-M.nv.C.p.D.f-94
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Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

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Thrive Society Facility

Our proposed facility occupies approximately 4900 sq. ft., of which 600 sq. ft. will make up our management offices and employee break room, 2000 sq. ft. will be designated for manufacturing and 2600 sq. ft. for distribution. [REDACTED]

Personnel and Authorized Visitors

Our facility will not be open to the public. Only Thrive Society personnel and authorized visitors will have access to our premises. [REDACTED]

[REDACTED] For more information about our policies pertaining to authorized visitors, please refer to Section 4 for our Safety and Security Plan.

Allocated Parking Spaces

Our Commercial Tenancy Agreement with the Landlord allocates a total of 16 parking spaces for Thrive Society. We believe this allotment is more than sufficient for our needs as our team at its largest will be 12 people.

Parking Amenities for the Building

The building at 138 New Mohawk is serviced by two adjacent parking lots, amounting to an ample +/-110 spaces, plus a few disability-access parking spots in front of the building. This parking lot is designed for use by the multiple tenants of the building as well as visitors. At present and in the recent past, the parking lot is routinely only 20% full on average. This utilization rate may increase in the near future as new tenants move in to occupy vacant commercial space in the building. But in the estimation of the Landlord, it is very unlikely that the parking lot will be insufficient for the needs of the building's occupants. The building owners have also informed us that they own an additional raw lot right adjacent to the building that they are willing to convert into an additional parking lot, if the need arises in the future.

Thrive Society has reached out to make contact with the other proposed cannabis business tenants in the building. All of the proposed businesses in our building are also B2B (Business to Business) companies and their facilities will not be open to the general public. Like Thrive Society, our new neighbors in 138 New Mohawk have small teams of employees and do not expect any walk-ins or increased public traffic into the building.

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Nevada City Medical Cannabis Business Name: Thrive Society

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Nevada City Code of Ordinances

Nevada City Code 17.80.030 Section G.4 stipulates *Off-Street Parking- General Requirements* for “*Manufacturing, R&D, Light Assembly, Warehouses and General Storage*”. This category appears to be the most appropriate for the nature of our business, although the requirements are rather steep. In paraphrasing the Code, it states: 8 spaces are required for the first 1000 sq. ft. of floor area, plus an additional 1 space per 250 sq. ft. of floor area thereafter, plus 1 space for each 2000 sq. ft. of storage area; or 0.85 spaces for each employee on duty at the same hours, whichever is greater.

Interpretation of the Code Requirements

If we apply the calculation of 0.85 spaces for each employee on duty, we would require 10.2 total parking spaces. If, however, we perform the calculation based on total square footage, 4,900 sq. ft. (of which 1050 sq. ft. is storage space), we arrive at 20.4 spaces.

Because the floor area of our facility will be taken up by machinery, counter space, equipment and perimeter walking paths, we don't see the need for 1 space per every 250 sq. ft. Due to the nature of our business, we do not foresee needing 20.4 spaces. The 16 spaces allocated by our lease will be more than sufficient for our team of 12. Note that our safety and security plan outlines our efforts to stagger authorized visitor appointments to avoid overlapping visitors. We anticipate additional 2 spaces max needed for visitors at any given time.

Our lease in the 138 New Mohawk building is for 4900 sq. ft. out of a total 35,000 sq. ft. throughout the building (or about 14% of total). The ratio of space we have mirrors the portion of the building we would occupy.

Redress and Impact Mitigation

Personnel may arrange a carpool or use alternative transportation to commute to work. We will also ensure that all authorized visitor appointments will be scheduled with cushion to avoid any overlapping, reducing the need for additional visitor parking spaces.

If it is requested by the Nevada City Planning Commission, Thrive Society will approach the Landlord to request that our lease be amended to allocate additional parking spaces, to meet Code requirements and/or meet any determination of requirements made by the Planning Commission.

3. Neighborhood Compatibility Plan

Overview

There are specific considerations for the location of any medical cannabis business, and Thrive Society's proposed facility is no different. We take seriously our responsibility to effectively address any undue impacts that our proposed business may have on neighborhood businesses, organizations and residents, and outlined in this Neighborhood Compatibility Plan is our approach to doing just that.

Community outreach is not a task that ends if and when our permit application is approved. Indeed, to the contrary, it is necessary to maintain a continual effort of engaging with neighbors, community stakeholders, law enforcement and city government to optimize our compatibility with the community we live and work in. In this preliminary period, the potential impacts of our business are just a topic of conversation about a project that may hopefully be realized soon. But in order to be awarded the privilege of obtaining a MCB permit to operate, we will need to demonstrate our commitment to continuing to uphold efforts to engage with neighbors in the community, answer questions, respond to concerns, and ultimately build bridges.

Included here, we have provided some preliminary information about our business, our relationship to the neighborhood, and our outreach efforts to date. We will provide an update regarding our community outreach efforts for when our hearing with the Planning Commission is scheduled, if granted.

Neighborhood Outreach

For the principals of Thrive Society, our relationships with our neighbors are important. Answering questions, responding to concerns, and building rapport is important. We want our neighbors to trust that if they have a concern or an issue, that they can always approach us; that we will listen to their input, and that we will work to find a solution that all parties will find acceptable. If a conflict ever arises, we will commit to communicate respectfully, negotiate in good faith and endeavor to not let unresolved issues grow into unresolvable problems.

Neighborhood Outreach Letter

We have taken measures to reach out and communicate directly with each business owner/manager or resident within a 300-foot radius of our facility. Included in this application packet is our *Neighborhood Outreach Letter*, which is included with this application. We requested a list of the tenants in the building from the building manager, and hand-delivered the letter in person to neighbors and nearby businesses around midday on Monday, January 26, 2018. We made a follow-up visit on Thursday, February 1st, 2018. To the few offices in the building that were unattended at the times we visited, we have left a copy of the letter, with our contact information.

Neighbor Feedback & Concerns

Neighbors within the 138 New Mohawk Building

- Therapeutic Bodyworks, Body Wisdom, Miriam massage, and Rinehart Massage: are all tenants in small offices whose work is of a personal and private nature. In one case, a “In session- do not disturb” sign was posted, at another, a sign read “filming- do not disturb” and in the other two, it appeared as if no one was home. Letters delivered on Monday appeared to have been picked up or moved by thursday.
- Advantage Academic Counselling: No one present. Left a letter
- NC Democrats: No one present. Left a letter
- Stewart Title: No one present. Left a letter. Recieved a text message response on February 5th from John, the “dynamic one-person Stewart Title team”. His message said “Thanks for handing the fact sheet. Very professional and appreciated.”
- FiveFour Marketing: Online marketing firm owner and proprietor Angela was very interested and supportive. We had an inspiring conversation about marketing, the cannabis industry, interactive technology, and Nevada City’s “Cultural District” award and projects. Her office would be one of the closest in the building to our front entrance, and we made a point to tell her about our business and ask if she had any concerns. She asked about foot traffic, and we informed her that our business was not open to the public but would occasionally be receiving authorized visitors (suppliers or customers). She seemed to find our explanation satisfactory and did not express any other concerns. We hope that we may actually be able to develop a business relationship, utilizing her skills in our marketing efforts, and we are grateful to have such an interested and supportive immediate neighbor.

- Caltrans (DOT): We stopped in and introduced ourselves to the team at the Caltrans office, in the basement of the building, adjacent to the bay door and service elevator. We met 5 friendly staff, who were quite curious about our business. They informed us that we were the first and only prospective cannabis tenant party to come introduce ourselves, and thanked us for coming to visit. We affirmed to them our intention to be mindful of the impact our proposed business could have on their operations, and we asked for more information about how they use the building, so as to be able to cater our activities to minimize negative impacts. They had many questions, which we took time to answer to the best of our abilities, and expressed a couple of concerns. Their concerns fell into three general themes:

[REDACTED]

2. Odor: Some of the Caltrans staff were concerned about odor. We acknowledged the validity of their concern, explained some detail about the equipment and protocols that we propose implementing to mitigate odor, and made a commitment to addressing any future complaints regarding odor emitted from our facility that may inadvertently occur in the future. We confirmed with them that we would not be cultivating cannabis, that the entire premises would be equipped with air filtration systems, that open packages of cannabis flower would only be authorized in specific areas of the facility, and that we were not proposing to extract cannabis using solvents, either volatile or non-volatile.

3. Security: We spoke to Caltrans staff about our intention to proactively engage with law enforcement and security consultants to develop the best security policy we could. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] to raising the issue with the building manager to try to come up with a proactive solution, beyond just installing security lighting.

We committed to returning to visit again soon to provide a complete copy of our security plan for their reference, once we had taken our working draft and received feedback on it from Jarrett at Gold Country Security. We will be delivering this information on Monday, February 12th, the same day we submit this application, and will document any additional concerns or questions raised by Caltrans going forwards, and steps taken to address those concerns.

Neighboring Businesses Within 300 Feet

- Pine Creek Vet Clinic (128 New Mohawk): we stopped in to deliver our letter and spoke with a female Veterinary Assistant. She thanked us for our letter. We asked if she might have any concerns, and she said that she didn't expect our business to have much of an impact on them, as they had their own parking lot and driveway. She agreed to pass our letter on to the head Veterinarian.
- Nevada County Narrow Gauge Railroad Museum (5 Kidder Ct): We stopped in at a perfect time, to meet twelve jolly, grey haired gentlemen while they were sitting around a meeting room table possibly just finishing up lunch. We informed them that we were looking to move in next door and wanted to introduce ourselves. They said “welcome!” And asked us what kind of business. We told them “medical cannabis distribution & manufacturing”, and they lit up with smiles, laughter, thumbs up, and words of encouragement. We delivered our letter and asked if they had any questions or concerns. One gentleman piped up with a question: “Could we be your official product ‘testers?’” That got some laughs. We explained that regulations strictly prohibited sale or transfer to anyone other than a licensed dispensary, and we absolutely intended to comply with the law. The curator, Grover Cleveland, provided us his card and welcomed us back to help them build narrow-gauge train tracks anytime.
- Inn Town Campground (9 Kidder Ct) : The entrance gate was closed and a sign was posted stating that the campground was closed and that personnel were away for two weeks. We called them on the phone to see if anyone would pick up, and we left a message introducing ourselves, informing them of our business and inviting them to call back with any questions or concerns, or to meet in person to discuss. We also left a copy of our *Neighborhood Outreach Letter* in their mailbox.

our operations. Thrive Society will install sophisticated carbon filtration systems and filters on the HVAC systems that will mitigate odor nuisances. Carbon filtering is a method of filtering that uses a bed of activated carbon to remove contaminants, impurities and smell using chemical absorption. Carbon filters and fans come in sizes of CFM's (cubic feet per minute) which is an estimated measurement of the air each fan can move in a minutes time. Our detailed plan addressing this common concern is included in *Section 2. Business Plan (Odor Mitigation)*.

Security Concerns

Security is, in our estimation, perhaps the most consequential consideration of our Neighborhood Compatibility Plan. When it comes to security, we intend to take no shortcuts. While securing the perimeter of our proposed premises inside the building at 138 New Mohawk is of course necessary (and required by state regulations), we intend to go further, and have initiated an effort to coordinate security plans with the other prospective cannabis business tenants in the building.

[REDACTED]

Community Relations

Our commitment to community relations extends beyond the immediate vicinity. Even though our company only exists on paper yet, the presence of our proposed business has already had an indirect local impact that we intend to accept responsibility for and, to the best of our abilities, make right.

It came to our attention shortly after signing our lease, that it is the Friendship Club, a cherished local youth service organization, who currently occupies the space that we are scheduled to move in to in a few months. We understand that there are some other wonderful service organizations who are current tenants as well who will be having to relocate because of the landlord's interest in renting to medical cannabis businesses.

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Nevada City Medical Cannabis Business Name: Thrive Society

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Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

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	Other	(Provide explanation below)

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We are mindful of the impact that having to relocate may have on the Friendship Club. While the decision to rent to medical cannabis companies was made before we made first contact with the property manager, we nonetheless take these concerns to heart, and accept some responsibility.

In light of these matters, we have sent a letter to the Executive Director of the Friendship Club to extend an offer of support to their organization as they navigate their transition. The letter was received warmly, and we have agreed to meet in person soon to discuss how we may be of service.

Thrive Society LLC

138 New Mohawk Rd., Nevada City CA 95949

Basil McMahan connect@thrive-society.com (541)-602-8812



January 26, 2018

Dear Neighbors,

I wanted to reach out to send warm greetings and to introduce myself. My name is Basil McMahan, and along with my partners Ella Alpina and Danielle Dao, we are one of the parties who is planning to move in to 138 New Mohawk Rd., and will be applying for a Medical Cannabis Business Permit from the Nevada City Planning Commission.

Our small business, Thrive Society LLC, will be locally owned and operated. We are Nevada County locals who cherish the uniquely vibrant character of Nevada City and are guided by a commitment to preserve the qualities that make this community such a special place to live. We own homes here, pay taxes and send our kids to area schools, and we care sincerely about the social and ecological well-being of our community.

In the interest of addressing any questions or concerns you might have about the nature of our business or any possible impacts on the neighborhood, we thought it would be helpful to provide you with some background and information about our business and our intentions.

Background

As you may already know, the California Legislature recently passed a comprehensive framework for the regulation of the cannabis industry. As these regulations for a licensing system are set to affect shortly, communities across the state, including our beloved hometown of Nevada City, are adopting ordinances that permit *medical* cannabis businesses to operate—provided that they maintain strict compliance with the robust regulations set forth by state agencies, including taxation, laboratory testing, child-proof packaging, and the use of seed-to-sale “Track and Trace” inventory control systems to prevent diversion. We are fully committed to meeting, and hopefully exceeding, these operational standards.

As these new regulations take effect, they will usher in sweeping changes to how cannabis is grown, distributed and dispensed legally in California. For our community, we feel these changes will bring about increased security, improved public safety, more professionalism from the cannabis industry, and will generate local jobs and expand the tax base of Nevada City.

Our Facility

As a licensed medical cannabis distributor/manufacturer, Thrive Society LLC will be operating a secure and professional facility that meets or exceeds the strict compliance standards set forth in California state regulations and the Nevada City Code & Ordinances. The core activities of our proposed facility include:

- Intake of medical cannabis and cannabis products, strictly from compliant and licensed suppliers;
- Ensure that the movement of all cannabis and cannabis products are reported through the state-mandated Track-and-Trace inventory control system;
- The manufacturing of medical cannabis products using no solvents or artificial ingredients;
- Assuring quality and public safety of cannabis and cannabis products through comprehensive testing by 3rd party licensed testing laboratories;
- Confirm that all inventory is packaged and labelled according to regulations, including child-proof and tamper evident mechanisms;
- Verifying that all applicable state and local taxes are collected and remitted;
- Upon meeting these criteria, medical cannabis and cannabis products will be transported to licensed dispensaries utilizing secure, licensed and bonded commercial transport vehicles.

Neighborhood Compatibility

The Gold Flat business district of Nevada City is a tranquil, idyllic area characterized by thriving local businesses and a wonderful sense of community. We seek to maintain a discreet presence, preserving the character of the neighborhood and working proactively to minimize traffic impacts and neighborhood security risks.

The landlord has informed us that the building at 138 New Mohawk may be host to at least two other proposed permitted medical cannabis businesses, in addition to our own, subject to approval. As members of the community, it is important to us that the arrival of the regulated medical cannabis businesses at 138 New Mohawk does not have an undue impact on the vicinity, or you, our neighbors. A few points worth touching on include:

Operations

Our proposed distribution & manufacturing facility is not a dispensary, and not open to the public. Thrive Society LLC. is a “Business-to-Business” enterprise, and we will only be servicing compliant, licensed cannabis operators.



Parking

138 New Mohawk is serviced by an ample, dedicated parking lot directly across the street that is more than sufficient for the needs of our facility. The impact of our business on street parking, or any neighboring parking lots, should be minimal.

Diversion and Youth Access

As longtime locals who cherish this community, take seriously the concern of youth access and the social and developmental risks of cannabis use in teens. We will be following strict protocols

to prevent diversion or advertising to minors, and complying with comprehensive state regulations, including the use of track-and-trace product controls.

Odor Concerns

As part of fulfilling our goal of being good neighbors, we will install a premises-wide climate control and air filtration system that will mitigate any cannabis odor resulting from our operations. No cultivation of cannabis flower will be occurring in our premises, and no on-site consumption will be permitted.

Security

Security is of paramount importance to Thrive Society LLC. A few important considerations worth noting:

- The lack of public interface allows our facility to keep a low profile. There will be no signage visible from the street, and no visitors permitted without prior authorization.
- Our Security Plan features [REDACTED]
[REDACTED]
[REDACTED]
- We have reached out to Nevada City Police Chief Tim Foley to request a review of our proposed security plan and protocols, and we will work hand-in-hand with local law enforcement to respond to any security incidences.

We hope that this information has been helpful. Please let us know if you have any additional questions or concerns.

Sincerely,



Basil McMahon
For: Danielle Dao and Ella Apina
Thrive Society LLC

Contact:
Basil McMahon, Community Relations
connect@thrive-society.com
541-602-8812 (cell)

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-105 - TSL-M.nv.C.p.D.f-106
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4. Safety and Security

Overview

Thrive Society has sought to develop a robust Safety and Security section, that meets all state and local requirements. We are partnered with Gold Country Security whom has thoroughly reviewed and approved our plan (See attached letter). We will continue to update and further security measures upon future recommendations from Jarrett Fink. We have also requested a meeting to review our security measures with Nevada City Police Chief towards the end of February, or whenever is most convenient for him and his department.

Our Safety and Security section is comprised of three components:

- Facility Security Plan
- Operational Safety Plan
- Fire Safety/ Emergency Response Plan

Facility Security Plan (4A)

Purpose

The purpose of the Facility Security Plan is to outline all the protocols and measures Thrive Society will implement to ensure that our facility is secure and compliant with all state and local regulations governing security. The standards and procedures outlined here are designed to prevent incidents of theft, crime, or diversion of cannabis to the unregulated market, and to provide a safe working environment while protecting against diversion and access by minors. [REDACTED]

[REDACTED]

[REDACTED] The Facility Security Plan will be in compliance with all requirements outlined in the Nevada City regulations.

Physical Facility Security

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted text block]

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- [Redacted list item]
- [Redacted list item]

[REDACTED]

- | [REDACTED]
- | [REDACTED]
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- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]
- | [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- Track-and-Trace (METRC) System Administrators
- Thrive Society Board of Directors
- Bureau of Cannabis Control Inspectors
- Department of Public Health Inspectors
- Department of Tax and Fee Administration
- Inventory Control Software Tech Support
- Fire Department (both emergency and non-emergency)
- Police Department
- Nevada County Department of Environmental Health
- Poison Control Center

█ [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted text block]

[Redacted text block]

- [Redacted list item 1]
- [Redacted list item 2]
- [Redacted list item 3]
- [Redacted list item 4]
- [Redacted list item 5]
- [Redacted list item 6]
- [Redacted list item 7]

[Redacted text block]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Regulatory Compliance

As per state regulations, Thrive Society will:

- Ensure that all medical cannabis goods batches are stored separately and distinctly from other medical cannabis goods batches on the distributor’s premises.
- Ensure a label with the following information is physically attached to each container of each batch: the manufacturer or cultivator’s name and license number; the date of entry into the distributor’s storage area; the unique identifiers

and batch number associated with the batch; and a description of the medical cannabis goods with enough detail to easily identify the batch and the weight of or quantity of units in the batch

- Store medical cannabis goods in a building designed to permit control of temperature and humidity and shall prevent the entry of environmental contaminants such as smoke and dust. The area in which medical cannabis goods are stored shall not be exposed to direct sunlight.
- Employee break rooms, eating areas, changing facilities, and bathrooms shall be completely separated from the storage areas.

[REDACTED]

[REDACTED]

[REDACTED]

Operational Security Plan (4B)

Overview

The purpose of the operational security plan is to ensure all security and compliance aspects of business operations and activities, including personnel training, secure transportation and procedures for security incident response.

In the plan that follows, we address issues related to operational security policies, personnel security and training protocols.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Transactional Security

All transactions that include cannabis or payments shall follow strict protocol to ensure safety and accountability.

- Every sale or transport must be recorded on a sales invoice or receipt.
- Sales invoices and receipts may be maintained electronically and must be filed in such manner as to be readily accessible for examination and shall not be commingled with invoices covering other commodities.
- Each sales invoice shall include the name and address of the seller as well as the following information:
 - Name and address of the purchaser.
 - Date of sale and invoice number.
 - Kind, quantity, size, and volume of cannabis products sold.
 - The cost to the purchaser, together with any discount applied to the price as shown on the invoice.
 - The place from which transport of the cannabis product was made unless transport was made from the premises of the licensee.
 - Any other information specified by the licensing authority.

[Redacted]

[Redacted]

[Redacted]

- [Redacted]

 - [Redacted]

- [Redacted]

 - [Redacted]

- [Redacted]

 - [Redacted]

- [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

- [Redacted]

[Redacted text block]

- [Redacted list item]

[REDACTED]

[REDACTED]

[REDACTED]

Background checks

Background checks will be performed on all employees, volunteers, principals, directors, and board members. Background checks are also required for any contractors or vendors who regularly work within the facility or who will be employed there for an extended time. Copies of any public records obtained through the background check process will be provided to the individual concerned. To ensure transparency, a third party will conduct the entire background checking process. Unless required to do so by law, we will not refuse to hire an individual solely because of minor cannabis-related offenses.

Training and Drills

All on-site personnel shall undertake mandatory training on incident management, emergency response, and on site behavior. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Fire Prevention & Safety Plan (4C)

Overview

The purpose of our Fire Prevention and Safety Plan is to prevent a fire from occurring in a workplace. It describes the fuel sources (hazardous or other materials) on site that could initiate or contribute both to the spread of a fire, as well as the building systems, such as fixed fire extinguishing systems and alarm systems, in place to control the ignition or spread of a fire. State regulations require that all licensed cannabis businesses ensure that their operations do not pose an unreasonable risk of fire or combustion.

The Fire Prevention & Safety Plan covers the following:

Employee Fire Prevention Training and Regular Drills

In addition to training and periodic drills covered in the personnel training and drills section of the Operations Security Plan, all employees shall receive reference material, written in plain English and presented in an easy-to-use outline format, explaining all operational, safety, and security policies and protocols. [REDACTED]

[REDACTED]

Thrive Society will update this training program if required to meet state or local requirements. Other protocols include:

- A strict no smoking policy in facility or within 50 feet of the building.
- Smoke Alarms located in all areas of the facility that is required by state
- Fixed Extinguisher Systems are located throughout the building as well
- Employees will know how to engage internal Alarm Systems
- Portable Fire Extinguishers located in all areas of the facility that is required by state

Hazardous Materials

Employees will have a full understanding of a Material Safety Data Sheets (MSDS) involved in all processes. (protocol on MSDS sheets in Storing hazardous materials section of the facility security plan) Potentially flammable materials such as alcohol-based or ethanol-based tinctures will be properly store in fireproof storage areas.

Hazardous Material Storage

All hazardous materials will be stored in locked storage areas designated solely for this purpose. All such areas will be spark proof with proper ventilation systems to ensure safe handling of any potential leaks or build-up of gas. We will maintain these areas so as to pose no threat of safety or quality to the facility, product, or employees. The temperature and humidity of the storage spaces shall be maintained at an appropriate level for the contents, and shall be monitored to ensure ranges are always within acceptable limits. All storage areas will be restricted to logged and identified products. A documented logging system will ensure all materials are accounted for and properly stored in designated areas. Thrive Society will ensure periodic inspections, at least monthly, to ensure all materials are properly stored. All such inspections shall be documented. All records pertaining to hazardous materials shall be maintained for at least five years. A separate designated area constructed to the same requirements will hold any rejected hazardous materials to ensure there will be no cross contamination or misuse.

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Nevada City Medical Cannabis Business Name: Thrive Society

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Each storage room shall be maintained with the materials safety data sheets (MSDS) appropriate to the contents of the room. All employees shall be trained for competency on how to read and understand these documents, which detail:

- Name of chemical
- Manufacturer's information
- Hazardous ingredients/identity information
- Physical/chemical characteristics
- Fire and explosion hazard data
- Reactivity data
- Health hazard data
- Precautions for safe handling and use
- Control measures

Hazardous Material Control

Thrive Society distribution expects to store isopropyl alcohol and/or similar products such as Alconox or other resin removers for the purposes of cleaning and disinfecting surfaces such glass, metal, stainless steel, porcelain, ceramic, plastic, rubber and fiberglass.

- a. Cleaning products are expected to be stored separately from any cannabis products, and only used after all cannabis has been placed in appropriate storage facilities separate from packaging and labeling workspaces to avoid contamination. Excessive quantities of potentially hazardous cleaning products will not be kept on site.

Chemical clean up

Each employee involved in any chemical process will be specifically trained on handling practices, as well as required responses in the event of a spill or mishap. A designated supervisor will be responsible for ensuring any chemical cleanup follows protocol, and recording all steps taken. A log of any cleanup, scheduled or unscheduled, is kept at all times on record. The chemical cleanup procedure includes:

- Use of hazard grade Personal Protection Equipment according to the specific requirements of the hazardous material including:
 - Rubber gloves
 - Rubber boots
 - Glasses or eye protectant
 - Ear protectant
 - Apron or skin protector

- Air filter face mask, chemical spill UL grade filter
- Proper wash and storage are of PPE materials

Disposal of all chemical and cleanup material will be conducted in compliance with materials safety data sheets and local and state regulations. Chemical bins and storage will be separate from all other material and handled accordingly.

Fire Suppression

Our building is equipped with internal sprinklers for fire suppression and prevention. The building is also equipped with an internal intercom system so fire danger may be communicated quickly and efficiently. Our entire facility will be equipped with smoke alarms and fire extinguishers on hand. We will also utilize a Fike's FFAST, an early warning fire detection featuring the latest in Fire Alarm Aspiration Sensing Technology. This technology uses an advanced, intelligent smoke detector that actively draws air into its sensor through a pipe network. FFAST combines dual source blue LED and infrared laser optical smoke detection with advanced algorithms to detect a wide range of fires while maintaining enhanced immunity to nuisance particulates. This enables FFAST to deliver highly accurate and discreet early warning fire detection for a our facility.

Occupational Health and Safety

Employer Responsibilities

Under the OSHA law, employers have a responsibility to provide a safe workplace. This is a short summary of key employer responsibilities:

- Provide a workplace free from serious recognized hazards and comply with standards, rules and regulations issued under the OSH Act.
- Examine workplace conditions to make sure they conform to applicable OSHA standards.
- Make sure employees have and use safe tools and equipment and properly maintain this equipment.
- Use color codes, posters, labels or signs to warn employees of potential hazards.
- Establish or update operating procedures and communicate them so that employees follow safety and health requirements.
- Employers must provide safety training in a language and vocabulary workers can understand.
- Employers with hazardous chemicals in the workplace must develop and implement a written hazard communication program and train employees on the hazards they are exposed to and proper precautions (and a copy of safety data sheets must be readily available)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Site and Facility Plans and Information

We have compiled a site-plan and plans for each floor of each building. Our plans show:

[REDACTED]

[REDACTED]

Incident Management and Emergency Response

[REDACTED]

Proactive Engagement with Emergency Services and Law Enforcement

Our Security Team will develop and maintain appropriate lines of communication and ensure appropriate authorities are aware of substantive changes in security procedures.

[REDACTED]

[Redacted text block]

Updating and Annual Review

[Redacted text block]

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Nevada City Medical Cannabis Business Name: Thrive Society

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*****Please note that if objection is made for the redactions on a public document request, you may be called upon to more thoroughly justify the reason for redaction. Any costs incurred by the city attorney to determine whether items marked for redaction are in compliance with Government Code Sections 6254 and 6255 may be passed on to the applicant.*****

5. Community Benefits

Thrive Society is a company founded on the belief that our success is built upon the investments we make in our community. Our values inspire us to work towards creating well-integrated cannabis industry that gives back to the community and preserves the quality of life in Nevada City that we all hold dear.

Our Community Outreach Program aims to promote habits of healthy, sustainable living in the community, and a high standard of environmental practices amongst our regional network of suppliers. We hope that with time, humility, and dedication, we may engender support amongst skeptics and demonstrate a consistent commitment to improving the standards of living for the little town that we love so much.

Thrive Society anticipates engaging with the following organizations in Nevada County:

Environmental

SYRCL

SYRCL is the first Waterkeeper established in the Sierra Nevada and serves as the official Yuba River Waterkeeper. The program is dedicated to fostering regional and statewide coalitions to address complex issues related to water quality and watershed health including the restoration of wild salmon. Thrive Society is very sensitive to responsible water usage; the cultivation of cannabis, like other crops, can contribute to the depletion of surface and ground water resources, especially when it is unregulated. Preservation of the Yuba and Bear river watersheds are of particular importance.

Thrive Society looks to donate to SYRCL in several ways. With an annual contribution, we will join the Emerald Circle, a group of passionate SYRCL members who have dedicated an annual leadership gift to help build and sustain core activities like river science and restoration, advocacy, and environmental education for all ages. Our team also plans to continue to volunteer for the Annual Yuba River Cleanup, which takes place at 30+ sites in the Bear & Yuba watersheds and removes trash and recyclables from 86.35 miles of river, creek and lake shoreline.

Sierra Harvest

Sierra Harvest provides nutrition education to over 9000 children annually, supports established farmers and builds markets for local food, and teaches people the joy of learning how to become self sufficient and healthier by growing their own food.

Thrive Society will join their Seed Circle and commit to a yearly contribution for 5 years. Our donation will provide 5 children with scholarships to the Food Love Summer Camp, support the Nevada County food policy council for 6 months, cooking classes for 60 Sierra Gardens scholarship recipients, sends 300 students on a farm field trip, and support Harvest of the month tastings for 2000 students.

Health

Caladrius Network

Caladrius Network's mission is to provide educational support services and cannabis based medicines to families of catastrophically ill children at no cost, ever. This local organization has been a tireless advocate for afflicted children and has worked to build community support for non-remunerated cannabis gardens in Nevada County. Thrive Society has been in communication with the Caladrius Network about how we can support their mandate, through donations, donation of services in-kind, and/or volunteer time.

Homelessness

Hospitality House

Hospitality House is a nonprofit community shelter for the Homeless in Nevada County, funded primarily by individual donations. The year-round shelter is a no tolerance safe haven; those seeking shelter are offered three meals, along with laundry and shower facilities. Hospitality House is committed to ending homelessness by providing intensive case management services to all its guests.

Thrive Society will stand behind the important work this organization is doing to create a healthy community for all. We plan to get involved with the nonprofit in several ways. First, our team will volunteer to set up and run 2 yearly events: The Empty Bowl and The Night of Giving. By showing up and physically supporting their activities, we hope to establish strong bonds and show solidarity. In addition, we will donate a 4-hr block of our organization's time each quarter to volunteer at the organization's thrift store, Bread and Roses. As a group, we will go through all the donations, steam, tag and hang clothing that will in turn be sold to support the organization at large.

Harm Reduction

CoRR Foundation

Community Recovery Resources serves our community with a full spectrum of wellness-focused programs to reduce the social, health and economic impact on families and children from all types of substance abuse and behavioral health issues. We recognize that cannabis brings a lot of medical benefits, but that it also can contribute to social ills- for example, youth access and diversion. Nevada County is fortunate to have organizations like CoRR supporting individuals and families in our community who are in recovery. Thrive Society would like to plan a monthly donation to the organization, based on our net revenues, as a gesture of support to an organization that helps foster empowerment and transformation in the lives of locals creating healthy new life habits for themselves and their families.

Center of the Arts

Center of the Arts is a non profit organization. Sixty percent of their revenue comes from ticket sales and venue rentals, the rest comes from individual and business support through membership, donations and sponsorships. Thrive Society's management team all come from dance and art backgrounds, and we feel passionate about continuing the rich art culture in our County. We commit to a monthly donation for this center, to assist in continuing their programs and events.

Sierra Commons

Sierra Commons is where Nevada County entrepreneurs come together to get work done. Sierra Commons helps businesses grow. Offering coworking, educational programs and mentorship, it is a campus where entrepreneurs come together to learn and thrive. Along with participating in courses and consultation, Danielle Dao is a monthly member and will continue to donate and support this supportive business network.

Nevada City Sustainability Team

The vision of this organization is to create a vision for a community that values environmental quality, social equity, and economic vitality, and to develop strategies for its implementation, long-term management and economic viability. Thrive Society resonates and is aligned with all of the environmental, community, and economic objectives of this team. We hope to support possible future projects towards fruition when projects come along that align with Nevada City's Sustainability Vision.

6. Enhanced Product Safety

California's new cannabis regulatory framework assigns the responsibility of product safety to the distributor. Consistent with the regulatory framework outlined in the MAUCRSA, Thrive Society will procure legal medical cannabis products from licensed medical cannabis producers, ensuring the contents are safe for consumption and meet strict testing criteria established by the state.

Our day-to-day operations include verifying that legal medical cannabis products are packaged suitably and in compliance with regulations, remitting taxes as they are assessed, and facilitating the insured and bonded secure transportation of cannabis goods to legal medical cannabis retailers throughout California. Thrive Society will build the supply-chain infrastructure for safe, secure, and affordable distribution of legal medical cannabis, operate in continuous compliance with state and local regulations, and take proactive measures to mitigate impacts to community, and the environment.

As a distributor, we are entrusted with ensuring the integrity of the testing is maintained, arrange for an independent licensed testing laboratory to select a random sample, transport it to a laboratory, and test the product.

Procurement

Our Director of Purchasing will work hand-in-hand with suppliers to source the highest quality medicine for our retailers. These close business relationships with farmers, manufacturers and product makers will allow us to maintain accurate records and production schedules so we can get product to market in a timely manner, while maintaining the highest quality control management practices.

The procurement and transit of products to our facility will be conducted in accordance with all applicable state regulations. These protocols are detailed in our Transportation and Security Plans. All cannabis products distributed through Thrive Society will be sourced from California state and local licensed cultivation and manufacturing facilities. All cannabis flower, edibles, concentrates and ancillary products such as tinctures and salves will be tested and approved by a state licensed cannabis testing facility under contract with Thrive Society. All cannabis infused products will be sourced from manufacturers whose products are regularly tested for compliance with state and local requirements.

Thrive Society is committed to ethical business practices and will not source or distribute any product that is in violation of any state or local laws. All of our inventory will come from legal sources within the state of California.

Good Manufacturing Practices

A Good Manufacturing Practices (GMP) certification program provides independent verification and certification that the basic manufacturing practices and prerequisites necessary for the implementation of an effective Hazard Analysis Critical Control Point (HACCP) food safety program are being followed. Compliance with GMP requirements entails minimum common sense sanitary and processing requirements applicable to all food processing (and similar) establishments. Thrive Lab will engage in a certification program for the development of a comprehensive set of SOPs and the design of the facility to meet GMP certification standards.

Thrive Lab will take all necessary precautions to protect against allergen cross-contact and against contamination of cannabis products, cannabis product-contact surfaces, or cannabis product-packaging materials by microorganisms or foreign substances (including perspiration, hair, cosmetics, tobacco, chemicals, and skin-surface medications).

Our product charting protocols will include:

- Name and intended cannabinoid(s) concentration per serving of the cannabis product to be manufactured and the strength, concentration, weight, or measure of each ingredient for each batch size
- A complete list of components to be used, accurate statement of the weight or measure of each component to be used
- Identity and weight or measure of each ingredient that will be declared on the ingredients list of the cannabis product
- The theoretical yield of a manufactured cannabis product expected at each point, step, or stage of the manufacturing process where control is needed to ensure the quality of the cannabis product
- The expected yield of the finished product.

Quality Control Testing

To achieve its mission of distributing only products that are safe and trusted Thrive Society will partner with Pure Analytics, California's most trusted cannabis testing laboratory. As our partner in safety and accurate cannabis analytics, Pure Analytics provides fast, affordable cannabis potency testing and safety screening to the medicinal cannabis community with lab-validated results. Located in Sonoma County CA, Pure

Analytics has extensive experience supporting the needs of cultivators, manufacturers, dispensaries and small batch producers.

Our partnership will ensure the following:

- Standards for purity, integrity and potency
- Preparation of product for testing, video verification
- According to state regulations all cannabis products must go through quality assurance, inspection and testing for the following items:
 - Tetrahydrocannabinol (THC)
 - Tetrahydrocannabinolic Acid (THCA)
 - Cannabidiol (CBD)
 - Cannabidiolic Acid (CBDA)
 - The terpenes required by the bureau in regulation
 - Cannabigerol (CBG).
 - Cannabinol (CBN)
 - Any other compounds or contaminants required by the bureau.
 - Pesticides, That the presence of contaminants does not exceed the levels established by the bureau.
 - Mold Spores
 - Microbiological Impurities identified by the bureau

After taking physical possession of a cannabis batch, a distributor will contact the licensed testing laboratory to arrange for testing, unless Thrive Society plans to sell the batch to another distributor. The laboratory agent will come to our licensed premises to take a sample. The sample selection will be recorded on video, and both the distributor and the laboratory agent must witness and attest to the sample selection. After the sample has been tested, the testing laboratory will provide the distributor with a certificate of analysis. If a sample passes testing, the distributor may then transport the cannabis goods to one or more retailers for sale. If a harvest batch fails testing, it can be remediated for use in a manufactured product, if doing so would not result in harm to consumers. The distributor will complete several quality assurance steps before distributing the batch for sale. The distributor must check that the certificate of analysis corresponds to the batch tested; the label is accurate; the packaging meets required standards; and the proper information is in the state's track-and-trace database.

A process flow chart, within our software, will identify each step in the distribution process so that each link on the distribution chain can be easily identified, tracked and analyzed, thus ensuring the highest quality for consumer safety and compliance with all state and local regulations. The process flow chart will identify critical areas such as

holding times, temperature controls, process regimens, coding thresholds, testing results and rejection processes.

The quality of our products will be a big factor in our branding and marketing, so maintaining testing and quality assurance protocol is part of our fiduciary duty. Our product line will consist of a hand-selected menu of popular strains of flowers grown ecologically by local and independent permitted cultivators and manufactured products produced internally and by licensed artisans in the community. Our goods will have a range from top shelf award winning brands that are custom strains to common everyday strains for our lower quality varieties for those on a budget.

Standards for purity, integrity and potency

Facility packaging employees that have received the proper training will be responsible for identifying all use-able and non-usable plant parts and matter. Useable by-product plant matter created during the packaging phase of processing will be inspected, logged, and if appropriate, packaged into cannabis prerolls. All unusable plant matter, such as sticks and stems, will be disposed of properly and in accordance with our SOPs. Disposal procedures are described in the waste management plan.

Facility packaging employees will provide a qualitative description of each batch of raw plant matter or dried cannabis flower that includes:

- Batch size by weight
- Name of the plant cultivar
- Description of initial quality of plant matter
- An organoleptic review
- Batch number
- UID
- Cannabinoid profile

Each batch of cannabis flower container packaged on-site at the facility will be monitored throughout each stage of processing and packaging.

Standards for cleanliness

Facility Hygiene

There are hygiene considerations throughout our plan, and will be a consideration in the development of all SOPs. Some of the specific hygiene considerations Thrive Society will address in our policies and procedures include:

- The water we use for washing, rinsing cannabis or cannabis ingredients will be safe and of adequate sanitary quality, as well as any ice that is used in processes.
- Raw materials and other ingredients will not contain levels of microorganisms that render the cannabis product injurious to human health, and will be pasteurized if applicable.
- Raw materials and other ingredients susceptible to contamination with aflatoxin or other natural toxins pests, or extraneous material shall not exceed generally acceptable limits set by the U.S. Food and Drug Administration for aflatoxins, other natural toxins, pest contamination, undesirable microorganisms, or extraneous materials.
- Frozen raw materials and other ingredients shall be kept frozen. If thawing is required prior to use, it shall be done in a manner that prevents the raw materials and other ingredients from becoming adulterated.
- Raw materials and other ingredients that are food allergens shall be identified and held in a manner that prevents cross contact with other raw materials or ingredients.
- Steps such as washing, peeling, cutting, sorting and inspecting, mashing, shredding, decarboxylating, drying, and heat blanching shall be effected by heating the cannabis product to the required temperature, holding that temperature for the required amount of time, and then either rapidly cooling the cannabis product or passing it to subsequent manufacturing process without delay. Growth and contamination by thermophilic microorganisms in blanchers shall be minimized by the use of adequate operating temperatures and by periodic cleaning and sanitization as necessary.
- Equipment, containers, and utensils used to convey, hold, or store raw materials and other ingredients, work in process, or other cannabis products shall be constructed, handled, and maintained during manufacturing, processing, packing, and holding in a manner that protects against allergen cross contact and contamination.
- Measures such as sterilizing, irradiating, pasteurizing, cooking, freezing refrigerating, controlling pH, or controlling water activity that are undertaken to destroy or prevent the growth of undesirable microorganisms shall be adequate

under the conditions of manufacture, handling, and transfer to prevent the cannabis product from being adulterated.

Personal hygiene

As a medical cannabis facility, Thrive Society commits to ensuring our employees share the vision of a cannabis business that places patient health and safety first. Thrive Society employees will be trained to report to their direct supervisor any personal health condition that might compromise the cleanliness or quality of the medical cannabis the employee might handle.

Our cleanliness and hygiene policies include:

- A Personal Health, Hygiene, and Cleanliness handout in the employee handbook will describe all of the symptoms and health conditions that may compromise the cleanliness or quality of any medical cannabis handled by an employee.
- Before beginning employment, each employee will be asked to sign a document that acknowledges that the individual has read, and is aware of, the conditions described in the Personal Health, Hygiene, and Cleanliness document.
- The Thrive Society employee handbook will include a stipulation for employees allowing them to call in sick without penalty. This will prevent any contamination from reaching any finished medical cannabis product.
- During cold and flu season, or when contagious sickness seems frequent in the community, supervisors will be particularly diligent about meeting with and evaluating the health of each employee before he or she begins working directly with medical cannabis.
- Employees will be trained to report any fellow employee that is demonstrating any of the symptoms or conditions identified in the Personal Health, Hygiene, and Cleanliness handout directly to the shift supervisor.
- Employees will have access to emergency contact information for all local and state emergency service providers.
- Employees demonstrating the symptoms for certain illnesses will be required to seek medical attention and will not be allowed to return to work without documentation from a physician indicating that the individual has been cleared to return to work.
- Standard operating procedures will be made available in digital and print forms, and will be included in employee handbook/training manual.

Sanitation and handling protocols

To maintain the integrity of all cannabis concentrates produced at the facility, Thrive Society and its partner company Thrive Society will provide sanitization and clean-room preparation training to all processing and manufacturing employees. Employees will maintain and follow standard cleaning procedures for all buildings and equipment used to store medical cannabis. The Director of Manufacturing will ensure all employees involved are trained to properly clean assigned equipment and document the process. In compliance with regulatory and GMP requirements, one or more trained supervisors will be assigned to supervise overall sanitation.

The Director of Manufacturing will assign specific personnel for the cleaning of all production equipment and oversee the proper performance of cleaning and sanitation standard operating procedures. Standard operating procedures will address the cleaning of equipment, including utensils, used in the manufacture, processing, packing or holding of all products. These written procedures, schedules, and logbooks will include:

- Assignment of responsibility for cleaning equipment □
- Controlling airborne contamination □
- Using sanitary handling procedures □
- Using safe water in all operations
- Performing chemical, microbiological, or other testing, as necessary to prevent the use of contaminated ingredients in processing operations
- Storing packaging materials, in-process medical cannabis raw material, and medical cannabis finished products appropriately to prevent contamination and adulteration
- Preventing cross-contamination and mix-ups between contaminated or adulterated medical cannabis raw material or medical cannabis finished products and non-tainted medical cannabis□
- Washing or cleaning containers and packaging components that contain contaminants
- Using effective measures to protect cannabis products against adulteration by other foreign materials when at risk due to processing equipment or instruments
- A description in sufficient detail of the methods and materials used for cleaning and the methods of disassembling and reassembling equipment to ensure proper cleaning □
- Measures for the protection of clean equipment from contamination prior to use □
- Required inspection of equipment for cleanliness immediately before use □

Based upon the individual equipment design, the following sequence of cleaning operations will be performed upon the completion of each batch of product:

- If applicable, a reduced disassemble and cleaning procedure may be utilized between sequential batches of the identical product brand, strength, and dosage form
- Upon the completion of a manufacturing or packaging operation, equipment will be disassembled and all moveable parts removed so that the equipment can be properly cleaned
- All exterior surfaces will be sanitized and the interior cleaned with an approved detergent mixed with water and then rinsed thoroughly with tap water
- Finally, all surfaces that come in contact with components will be sanitized with denatured alcohol and allowed to air dry □
- Upon completion, the employee will fill in the cleaning log and inform their immediate supervisor the equipment is ready for inspection

An audit or check will be performed on the equipment cleaning and its documentation on a random basis several times a week. These reviews will include an inspection of the actual equipment cleanliness and the accuracy of all cleaning documentation. All cleaning records required by this procedure will be retained for at least five (5) years after distribution of the last batch of product manufactured, processed or packaged utilizing that equipment.

When developing the above protocols, the Director of Manufacturing will also incorporate the following elements:

- Defining responsibility and frequency for cleaning and disinfecting each piece of equipment or item that comes in contact with medical cannabis
- Monitoring compliance
- Training employees to ensure they are able at all times to answer the question “How do you know that this item has been cleaned and/or disinfected?”
- Cleaned/disinfected items should be labeled (date/time)

All areas will maintain a general cleanliness and go through routine maintenance. The facility will be of food production quality at all times, with frequent inspections and internal audits to ensure safety in production. Sanitation units or wash stations should be utilized throughout the facility where they are placed. Employees are encouraged to wash frequently and always between handling products.

Washroom Facilities

Restrooms and toilets will be located separately from all production and manufacturing areas. Restrooms will have a self-closing door and be enclosed with proper, individual

ventilation unit. Wash hands signs will be placed above all sinks. Training on best practices will be given annually and documented. Restrooms will be cleaned daily and maintained in a clean manner.

Equipment sanitation

In general, surfaces and equipment within the processing and manufacturing facility would be classified by the CDC guidelines under Spaulding's Classification as Non-Critical (i.e., items that might come in contact with intact skin, but not mucous membranes or non-intact skin) and in general most are environmental surfaces, which must be regularly disinfected to a low level.

Cleaning protocols will include limits on how long reusable cleaning clothes and mop heads can be used before laundering, and on how frequently the water disinfectant mixture (using an appropriate and approved disinfectant, with preference for naturally-based options) is changed (at a minimum per every three rooms). The facility will have single-use disposable towels impregnated with a disinfectant (such as Clorox wipes) for spot cleaning as necessary during the day. All employees will be trained on these duties and procedures and cleaning procedures will be carefully overseen at the beginning and end of each business day.

In addition, for all surfaces, equipment, or materials that will touch medical cannabis or individually packaged containers of medical cannabis, the Director of Manufacturing will develop and oversee the implementation of more rigorous cleaning protocols. These will be to the standard required by the CDC guidelines for Spaulding's Classification of Critical, because medical cannabis can come into contact with mucous membranes. These items require either sterilization or a cleaning process followed by high-level disinfection. Additional handling protocols will meet or exceed California requirements for safe and sanitary food handling and packaging.

Contamination Prevention

In order to maintain the medical cannabis free of contamination, employees will be required to comply with standard operating procedures. All employees will be trained to ensure absolute sanitary conditions in areas that have been designated for packaging and handling, including all equipment, utensils, and accessories used during the packaging process. Our sanitation standard operating procedures have been designed to meet or exceed the high sanitary standards of the California state regulations pertaining to the handling of food-grade products:

- All agents involved with the handling, manufacturing and packaging of medical cannabis will wear proper lab coats, latex gloves, and hairnets.

- Personnel will also be required to wash hands and exposed areas of the arm before beginning work, before and between glove use, and after using a toilet facility.
- Gloves will be replaced after each pound of medical cannabis has been packaged, or, when beginning to package a different variety or shipment of product (to prevent cross-contamination), and additionally every two-hours.
- Prior to entering the packaging room, employees must report to the shift supervisor any illness or personal health condition that might compromise the cleanliness or quality of the medical cannabis the Processing Agent might handle.
- Maintain a sanitation log with records retained for five years.

Packaging and Labeling

Thrive Society will comply with all local and state regulations regarding the proper labeling and packaging of cannabis and cannabis products. All products must properly carry warning labels as required by state regulations. SOPs will cover all of the following:

- Packaging, repackaging, labeling and relabeling of non-manufactured medical cannabis (flower & standard pre-rolls) on behalf of our own brands, or a cultivator or another distributor, or while holding title.
- Holding another licensee or non-licensee packaging and labelling materials in our distribution premises.
- Being responsible for compliance with applicable medical cannabis handling, packaging and labeling laws including but not limited to Business and Professions Code section 19347 and Division 8, Title 3 of the California Code of Regulations.

Packages containing cannabis products will include the following:

- The net weight of cannabis in the package.
- Identification of the source and date of cultivation, the type of cannabis or cannabis product and the date of manufacturing and packaging.
- The appellation of origin, if any.
- List of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total.
- A warning if nuts or other known allergens are used.
- Information associated with the unique identifier issued by the Department of Food and Agriculture.

- For a medicinal cannabis product sold at a retailer, the following statement will appear in bold: For flowers: “GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”

Cannabis products will be labeled and placed in resealable, tamper-evident, child-resistant package and include a unique identifier for the purposes of identifying and tracking cannabis and cannabis products. We will utilize the child resistant packaging made by Pollen Gear. Our packaging plan includes packaging that implements:

- ASTM-certified, childproof lids to protect minors
- Standup Pouches’ flexible child proof bags that are certified compliant with the ASTM International D3475 standards
- Thick wall glass jars with symmetric child-resistant closures
- Child-Resistant Pre-Roll Tubes
- Child Resistant Barrier bags
- Shrink Wrapped seals on most packages
- Significantly difficult for children under 5 years of age to open
- Additional exterior exit packaging for internal containers
- For more information about Sustainability in Packaging, See *Section 7: Environmental Benefits*.

In addition, cannabis products will be packaged and labeled in a way that is not attractive to children and in accordance with all state laws. We will comply with any other requirement set by the Bureau or the Department of Public Health.

In the event the federal government determines that cannabis is no longer a Schedule I controlled substance under federal law, the label prescribed in the regulations shall no longer require a statement that cannabis is a Schedule I controlled substance.

Transportation

If and when Thrive Society avails of the services of a licensed cannabis transporters, they shall ensure that all medical cannabis batches are stored separately and distinctly from other medical cannabis batches on the transporter’s vehicles, and in a manner that preserves the quality of the product, including but not limited to:

- Proper labeling
- A transporter shall store medical cannabis goods in a manner designed to permit control of temperature and humidity and that prevents the entry of environmental contaminants such as smoke and dust. Medical cannabis goods are stored shall not be exposed to direct sunlight.
- A transporter shall store harvest batches and edible cannabis products that require refrigeration at 35 to 42 degrees Fahrenheit. In addition, a transporter shall store harvest batches in a darkened area with no more than 60% humidity.

Product Complaints

From time to time, a complaint about a product produced in the facility may arise. Thrive lab will establish and implement written procedures to ensure that qualified personnel will review and investigate all complaints to determine whether a complaint involves a possible failure of a cannabis product to meet any of the specifications established in internal protocols or state regulations. Qualified personnel will review and approve of decisions determining whether to investigate a product complaint, report on the findings, and document any follow up actions taken by the investigation. Written records shall be kept of any verified complaint and investigation that will include:

- Name and subscription of the product in question
- Batch number and/or UID of the cannabis product
- Date of complaint and name, address, and/or contact number of the complainant, if applicable
- The nature of the complaint and method of consumption/ingestion
- The reply to the complainant, if any
- Findings of the investigations and/or any follow-up actions taken

Product Recall

Procedures for the recall of cannabis products manufactured by Thrive Labs will be established and implemented whenever a product is misbranded, adulterated, or a recall is otherwise determined to be necessary. The procedures will include Criteria for evaluating the necessity of a recall, Designated personnel responsible for implementing the Recall Procedure, and Notification protocols, including:

- A method of notifying all customers who have, or could have, been affected
- A method of notifying and licensed cannabis businesses that supplied or recieved the recalled product
- Instructions to the general public and other licensees for the return and/or destruction of the recalled product

Disposal of the product shall be conducted, after the requisite quarantine period, as set forth in Article 4, Section 40268 (*Recalls*) of the *Manufactured Cannabis Safety Regulations*. The Department of Manufactured Cannabis will be informed within 24 hours of any recall notice issued.

7. Environmental Benefits

Thrive Society takes environmental stewardship seriously. Climate change is reaching every corner of the globe and being part of the solution is imperative to our economy, our food supply, water supply, livelihoods and our planet. As an environmentally responsible organization, we will implement an Environmental Plan that reduces energy consumption, conserves water and strives to eliminate waste from our operations.

Thrive Society will serve as an active environmental steward within the Nevada City community. We welcome the opportunity to support Nevada City's Energy Action Plan (EAP) objective to transition to 100% renewable energy, and the goal of a 28 percent reduction in electricity use by 2020.

In our facility, we will conduct regular audits to bring to life patterns showing how our energy is misspent – whether from equipment in need of tune-up or repair, or “operator errors” like lights left on or thermostats set incorrectly. Energy-efficient light bulbs, automated thermostats and lighting schedules will ensure we are streamlining and minimizing our energy consumption.

Energy and Climate

Measures to maximize energy efficiency and reduce greenhouse gas emissions are the cornerstone of our Environmental Plan, and include:

- **High Performance Equipment:** we have specified Energy Star rated equipment in the facility including controls and energy management systems for HVAC and refrigeration equipment, odor mitigation equipment, surge protectors, appliances and machinery
- **Efficiency Measures:** water-efficient fixtures, programmable thermostat to increase electrical efficiency, use of sustainable and eco-friendly paints in our remodeling plans,
- **Recycling Programs:** Reuse and Recycle programs in our day-to-day operations,
- **Strict sustainable packaging standards:** focusing on recyclable or reusable containers, and biodegradable/ recycled chlorine free paper products, biodegradable and earth friendly materials in our day to day operations such as boxes, paper, soy and vegetable-based ink on labels and packaging.
- **Intelligent Lighting:** low-voltage and LED Control Systems with at least three of the following controls strategies: (Scheduling, Daylighting, Occupant Sensing, Task Tuning, Demand Response)
- **LEED Certified Architects:** we are working with Sitrine Architecture for our buildout retrofit

- **Renewable Energy:** Thrive Society will utilize PG&E's Solar Choice and Regional Renewable Choice programs to purchase up to 100% of our electricity from a universal solar program generated within California.
- **A Commitment:** to further our aims toward offsetting our carbon footprint in all of our standards as much as possible.

Terrapass: A Carbon Offset Program

Thrive Society plans to make our business as eco-conscious as possible from the start and over time increase our efficiencies further. Once we are in operation, we can determine a product's carbon footprint, with a carbon footprint calculator, and reduce the footprint where possible within our operations.

For remaining offset emissions, we plan to work with Terrapass, an organization that helps businesses manage their sustainability goals. They help a business project and audit their energy usage. They provide Renewable Energy Certificates (REC) that are created for each megawatt-hour of renewable electricity (wind, solar, etc.) generated and delivered to the power grid. They also offer BEF Water Restoration Certificates (WRC) that provide organizations with an incentive to support projects that implement more efficient water management solutions thereby restoring water to critically-dewatered ecosystems. One WRC is the equivalent of restoring 1,000 gallons of water. Through these measures, Thrive Society aims to become fully carbon neutral by 2020.

Clean Green Certified

We are in the application process to become a Clean Green certified company. Once our facility is built-out, we will proceed with the next steps towards completing the audit. Clean Green launched in 2004 as an answer to the lack of organic standards. Consumers have come to recognize the Clean Green logo and have developed trust for products or farms that are stamped with it and have met all of the requirements of the rigorous program.

Modeled on national and international sustainability, organic and biodynamic program standards, the Clean Green program requires on-site inspections and third-party lab testing. The whole life cycle of the plant is considered, from seed selection to harvesting and processing. Clean Green Certified also goes further than the USDA organic in some areas, requiring every operator to undergo pesticide testing every year, rather than only a small percentage of farms. They have a certification specifically for cannabis packaging/handlers. Whether it be a storefront or a manufacturer, the company audits the processor/handler's ability to keep Clean Green cannabis separate from cannabis grown conventionally.

Sustainability in Packaging

Thrive Society aims to implement sustainable, reusable, and recycled packaging practices where possible. We are currently in communication with eco packaging suppliers, such as Sana, Green Packaging Group, Elevate Packaging, Pollen Gear, and Pure Labels. Our team will utilize compostable, reusable, and/or recyclable packages for our goods whenever feasible, and we commit to continuing our efforts at reducing our carbon footprint as much as possible.

Additional Measures

Thrive Society has identified additional ways in which we can operate with sustainability in mind:

- Partnering with locally sourced, organic suppliers for raw materials in our products
- Consult our local Waste Management group for their expert advice and to help us identify and implement sustainable waste management practices
- Facilitating education and guidance to our farmers and to encourage their participation in 3rd party certification programs like Clean Green. We are part of a greater ecosystem and we hope to have a greater impact on the supply chain.
- Creating standards for the suppliers we partner with and requiring implementation of best management practices in farming, organic agriculture protocols, and water conservation
- Providing education to our suppliers on pesticide free organic farming practices
- Encouraging carpools with our team of employees
- Purchase second hand equipment where possible
- Reducing the amount of paper we use as a company by utilizing technology for accounts, invoices, orders, and communication
- Hiring local companies for supply and services like printing, marketing, technology, plumbing, engineers, security, etc.

8. Labor and Employment Plan

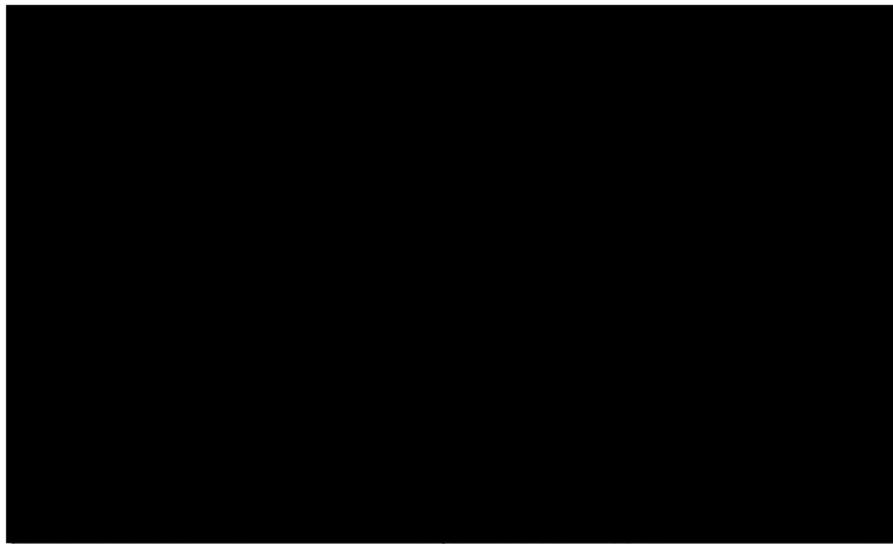
Employee Qualifications and Requirements

Thrive Society has specific qualifications we seek in all employees:

- Resident of California
- 21 years of age or older
- Ability to handle multiple tasks and work well under pressure
- Lift up to 30 pounds
- Knowledge of cannabis and cannabis products
- Knowledge of California cannabis regulations
- Valid State of California MMJ card
- Clean criminal record, no felony convictions. Exceptions will be made for non-violent cannabis convictions that haven't already been expunged by the state, or reduced from felony to misdemeanor.
- Excellent communication, attention to detail, interpersonal and organizational skills
- Active team player
- Active community members

Living Wage

Thrive Society will provide its employees with a Living Wage greater than the minimum wage mandated by the State of California. The current minimum wage in California is \$10.50 per hour. Thrive Society will provide its employees significantly higher wages. Our wage scale is shown below:



Overtime

Thrive Society will abide by California law, which requires an employer to pay employees overtime for all hours worked in excess of 40 hours in a workweek. Under California law, an employer is also required to pay employees overtime when they work more than eight hours in a workday or work a seventh consecutive day in a workweek.

Overtime to nonexempt employees will be paid at the rate of one and one-half times the employee's regular rate of pay for all hours worked in excess of eight, and up to and including 12 hours in any workday and for the first eight hours of work on the seventh consecutive day of work in a workweek. An employer is further required to pay double the employee's regular rate of pay for all hours worked in excess of 12 in any workday and for all hours worked in excess of eight on the seventh consecutive day of work in a workweek.

Breaks

As a California employer, we must provide nonexempt employees with a paid 10-minute rest period for each four-hour work period. We are also required to provide a 30-minute meal period if our employees work more than five hours a day. A second meal period of no less than 30 minutes will be provided if the employee's work period is more than 10 hours.

Benefits

Thrive Society will provide our employees the following benefits:

- Temporary disability insurance

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-155
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Basil McMahon, Vice-President, Thrive Society

<insert name, professional title, affiliation with applicant>

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	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
	Other	(Provide explanation below)

Explanation for redaction:

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- Paid family leave
- Vacation and Paid Time Off
- Group health insurance

Workplace Harassment

Thrive Society is committed to operating a safe and nonthreatening workplace environment, and to comply with all applicable labor laws. Harassment based on race, color, religion, sex (including gender identity and pregnancy), national origin, age, disability, genetic information, sexual orientation, or parental status will not be tolerated.

Labor Peace Agreement

As per regulatory requirements, if at any point in time Thrive Society grows to employ 20 or more personnel, the company will first commit to signing a Labor Peace Agreement, and will not interfere in union efforts to organize members of our workforce.

Our Hiring Guidelines:

- Equal Opportunity Employer: without regard to race, color, religion, sexual orientation, gender identity, nationality, veteran status, or any other basis protected by applicable law
- Drug Free Workplace Policy: no employee shall use, possess, sell, convey, distribute, or manufacture illegal drugs, intoxicants, or controlled substances
- Weapon-Free Workplace Policy: we prohibit the possession or use of perilous weapons on company property.
- Tobacco Free Workplace Policy: smoking shall not be permitted in any enclosed area

Employee Training Guidelines

Thrive Society will implement a routine training program to ensure that all personnel employed in both distribution and manufacturing premises are provided information and training that covers all topics necessary to operate a safe, secure, sanitary, productive and welcoming environment.

An effective accident prevention program requires proper job performance from everyone in the workplace. We will ensure that our employees know about all materials and equipment in the facility, known hazards and risk mitigation. Upon hiring, we will train our employees on hazard risks and require they pass an exam to verify they understand our full protocol.

Within 30 days of the start of employment:

- Health and safety hazards
- Hazards presented by all solvents or chemicals used at the licensed premises as described in the material safety data sheets (MSDS)
- Emergency procedures
- Security procedures
- Record keeping requirements
- Training requirements

And prior to independently engaging in any cannabis manufacturing process:

- An overview of all Standard Operating Procedures (SOPs)
- Quality control procedures
- Hazard analysis and control procedures as appropriate
- Proper and safe usage of equipment or machinery
- Safe work practices, including appropriate use of any necessary safety or sanitary equipment
- Cleaning and maintenance requirements
- Emergency operations, including shutdown
- Additional training specific to an employee's job duties

Refresher trainings will be held at a minimum, once a year. In addition, all personnel who prepare, handle, or package edible cannabis products must within 90 days of beginning employment, successfully complete an accredited California Food Handler Certificate course.

Organizational Training

We will provide training for all of these components:

- Anti-harassment, discrimination and retaliation policy
- Timekeeping policy
- Computer and Internet Policy
- Visitor protocols
- Secure electronic recordkeeping
- Inventory control system
- Cannabis laws and regulations (local, state, federal)
- Emergency situations

9. Local Enterprise

Our roots in Nevada County

Since the Back-To-The-Land movement decades ago, Californians have led the way. The organic food movement was founded here, and in these same hills we call home, the largest natural foods distributor in the country was born. There is a legacy of craftsmanship in local agriculture here that carries through to the pioneers of today's cannabis gardeners. In our region, farmers have been producing cannabis of world-renowned quality for many generations, with passion for the craft, respect for the land, and care for the community.

In an era of farm-to-table banquets, micro-distilleries and a craft-beer revolution, the legal cannabis market actually faces consolidation and commodification. The craft suppliers in the region need a partner who understands this consumer sentiment and can leverage the unique quality and reputation of the region's cannabis culture to broaden market appeal. Until the county establishes regulations and permits for local farms, we will work with other nearby counties to source cannabis material. But we anticipate local permits and will be positioned and ready to serve the local cultivators. Our aim is to set a new standard for purity and integrity within the cannabis industry, locally and statewide.

Job Creation

If awarded distribution and manufacturing licenses, Thrive Society will run its operations with the maximum amount of local employees possible. All our founders are local homeowners in Nevada County, and although we cannot legally discriminate against job applicants from out of the area, applicants who have meaningful ties to Nevada City and the surrounding region will be looked upon favorably, as these ties are understood to be the underpinning of our business values.

Thrive Society commits to prioritize hiring locals in particular for the following 10 positions:

- 1 Assistant Manager
- 2 Distribution Facility Employees
- 2 Manufacturing Facility Employees
- 2 Transportation Drivers
- 1 Receptionist
- 2 Security Guards

Commitment to Supporting Local Businesses

The small business ecosystem that has endured in Nevada City and County is unique, and deserves to be supported and preserved. By contracting local businesses and service providers, we will be linking neighbors in a web of economic and social relationships. While it may pencil out to outsource some specialized tasks to virtual or national agencies, we will endeavor to spend our purchasing power in support of the local economy. Perpetuating this cycle, locally focused business vendors recycle a much larger share of their revenue back into the local economy than national chains, creating resilience for the small business ecosystem.

Local vendors who we have already contracted, or who we are seeking to contract:

- Electrician : Grass Valley Electric
- HVAC/ Odor mitigation : Brewer Heating and Air Conditioning
- Siteline Architecture : Architectural Plans
- Noah Thompson Drywall for our buildout
- IT services for our facility, networks, and servers
- Printing services : Grass Valley Printers
- Internet : Spiral
- Security Guards: Gold Country Security
- Security Systems : Beam Security
- Marketing firm : 7 Rays
- Local freelance designers & illustrators

10. Qualifications of Principals

The principles of Thrive Society come to this business proposal with extensive experience with medical cannabis, start-up business, marketing, community development and cannabis regulatory affairs.

Resumes for our three principles are provided here:

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-162 - TSL-M.nv.C.p.D.f-164
<insert unique page identifier, or identifier range>

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<insert name, professional title, affiliation with applicant>

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	Other	(Provide explanation below)

Explanation for redaction:

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Appendix

Business Organizational Status

The following screenshots are taken from <https://businesssearch.sos.ca.gov>:

201803610667 THRIVE SOCIETY LLC

Registration Date:	02/05/2018
Jurisdiction:	CALIFORNIA
Entity Type:	DOMESTIC
Status:	ACTIVE
Agent for Service of Process:	DANIELLE DAO 2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Mailing Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
LLC Management	Managers

201803610672 THRIVE MIGRATION LLC

Registration Date:	02/05/2018
Jurisdiction:	CALIFORNIA
Entity Type:	DOMESTIC
Status:	ACTIVE
Agent for Service of Process:	DANIELLE DAO 2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Mailing Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
LLC Management	One Manager

201803610679 THRIVE LAB LLC

Registration Date:	02/05/2018
Jurisdiction:	CALIFORNIA
Entity Type:	DOMESTIC
Status:	ACTIVE
Agent for Service of Process:	DANIELLE DAO 2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
Entity Mailing Address:	2038 NEVADA CITY HWY PMB 564 GRASS VALLEY CA 95495
LLC Management	One Manager

For additional information, see *Section 2: Business Plan- Entity Structure*.

Registration and Articles of Organization will be submitted as soon as they are available.

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-167 - TSL-M.nv.C.p.D.f-169
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GOLD COUNTRY SECURITY



Security Consulting

Providing guard and patrol services throughout Western Nevada County

(530)273-1367

February 12, 2018

To: Thrive Society

From: Jarret Fink

RE: Security Plan Review
138 New Mohawk Rd
Nevada City, CA 95959

I have reviewed the security plan provided for your proposed new business site. I find that your security plan is complete, acceptable and meets all state guidelines set forth in California Code of Regulations, Title 17 Division 1 Chapter 13. SUBCHAPTER 3. REQUIREMENTS OF OPERATION Article 1. §40200. It is clear that your company is making the safety of its neighbors, employees and customers a high priority.

As per our discussion, I would recommend the following minor additions to your security plan;

[REDACTED]

Sincerely,

Jarret Fink

Jarret Fink
Security Consultant
PI License # 15771
Security License #PPO15449
(NCSO Retired)

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-170
<insert unique page identifier, or identifier range>

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	Other	(Provide explanation below)

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REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-171 - TSL-M.nv.C.p.D.f-185
<insert unique page identifier, or identifier range>

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	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
	Other	(Provide explanation below)

Explanation for redaction:

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REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-186
<insert unique page identifier, or identifier range>

has (have) been redacted or withheld from public disclosure, as determined by

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<insert name, professional title, affiliation with applicant>

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	Section 6254, subd. (n)	Licensee's personal financial data
	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
X	Other	(Provide explanation below)

Explanation for redaction:

Neighbor letter of support, kept confidential at the request of the author

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Memorandum February 12th, 2018

Update to Neighborhood Outreach

On February 12th, we met with Jaynie Ayden, Director of Twin Ridges Home Study Program. We felt that in light of the recent discussion in City Hall about MCB proximity to schools and youth centers, that it would be prudent for us to approach Mrs. Ayden, to introduce ourselves and to speak with her about any concerns or questions she may have about our proposed business.

She was welcoming and receptive. With this memo, we wanted to provide a brief update to our Neighborhood Outreach efforts and to record the one concern that was raised in our meeting with Mrs. Ayden. She expressed a concern about the speed of neighborhood traffic that drives past their facility, and asked if speed control signs could be installed on New Mohawk to make traffic drive slower. We assured her that we would support her desire to see effective traffic controls upheld in the area, and told her that we would document her concern, and encourage the planning commission to consider installing traffic control signs, “slow” or “caution” signs, and that we would incorporate policies into our personnel trainings for distribution vehicle drivers to ensure compliance with all traffic laws, and a particular sensitivity to caution, driving on New Mohawk.

REDACTION JUSTIFICATION INSERT
(To be inserted for every instance of redaction)

Nevada City Medical Cannabis Business Name: Thrive Society

The following page(s): TSL-M.nv.C.p.D.f-188 - TSL-M.nv.C.p.D.f-189

<insert unique page identifier, or identifier range>

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	Section 6255, subd. (a)	Personal contact information (business contacts should not be redacted)
	Section 6254	General public interest exemption (provide explanation below)
	Other	(Provide explanation below)

Explanation for redaction:

Site Plans redacted because public knowledge of the facility layout could pose a security risk

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April 10, 2018

Thrive Society
ATTN: Basil McMahon
138 New Mohawk Road
Nevada City, CA 95959

Via email: l.basil.mcmahon@gmail.com

Re: Application Clarification Requests from Nevada City Planning Department

Responses provided by Thrive Society principal Basil McMahon in red:

1. Please clarify, whether the pre-roll machine is a trimming machine. This process may actually fall within the “cultivation” permit category.

The piece of equipment we intend to use to produce pre-rolls is called a “Knock Box”, made by Futurola. It is a compact, table-top device designed to take pre-ground flower material and pack paper cones, and is not capable of being used as a trimming machine.

For more of a visual explanation of the use of this piece of equipment, here is a link to a brief promotional video made by the Futurola company:

<https://www.youtube.com/watch?v=kNp-5FYaMWw>

(Please excuse the obnoxious soundtrack. you could mute the audio if you prefer)

2. Phase II of your business plan (Page identifier: TSL-M.NV.C.p.D.f-90) describes your potential partnership with other licensed suppliers that use a co2 extraction process. Does this mean you will utilize a co2 extraction process as part of that partnership? Or are you only suggesting that you will use the partner’s bulk product to fill and package into individual components on the partner business’s behalf?

We do not plan to utilize co2 extraction methods in our facility, during Phase II or otherwise. Yes, you are correct, we intended to suggest that we would receive bulk extract, or other raw materials, from a 3rd party partner, and focus solely on the filling and packaging of individual units to produce a finished product.

To clarify, the example on page TSL-M.NV.C.p.D.f-90, of “filling and packaging their vape pen cartridge products”, was intended to provide an example of how we may perform co-packing services (otherwise known as “[Contract Packaging](#)”) to other manufacturers or cannabis brands. The co-packing activities that we intended to perform in our facility would vary depending on the product produced, but may include: packaging, assembly, design, labeling, purchasing, and shipping logistics, but would not involve any extraction activities not otherwise outlined in our business plan.

Through feedback we've received from licensed operators around the region that we have received over the last few months since submitting our application, we anticipate that there may be demand for co-packing services. With a number of prospective licensed manufacturers focused on solvent extraction in the building and elsewhere in Nevada City, we feel that we would be better off focusing on a different aspect of the supply-chain.

3. Clarify in general what your hours of operation will be, including manufacturing and your distribution activity.

In our application, our proposed hours of operation were:

8:00AM-6:30PM Weekdays

9:00AM- 6:00PM Weekends

Although we would like to request the ability to operate:

7:00AM-7:00PM Weekdays

7:00AM- 7:00PM Weekends

We have been speaking to licensed dispensaries and distributors from across the state, and are coming to understand that it may be important for us to request permission to operate longer hours on days when transportation vehicles are in use. Many dispensaries request that deliveries arrive before 10:00 or 11:00 am, when their businesses open to the public, or on weekends when not open to the public. In order to accommodate this request, we would more likely need to load up a transport vehicle and depart earlier in the morning, depending on the distance travelled. Our geographic location, being +/-3 hours from many licensed retailers, is another factor that we did not account for sufficiently in our original proposal.

These are important considerations for our distribution operations, but less of a concern for the manufacturing facility. If it is your preference that we keep to the hours originally proposed for our manufacturing facility, we could do that, although it would simplify our facility opening/closing protocols to maintain consistency of operating hours between the two premises.

For further clarification, our transport vehicles will only be "in service" during the specified hours of operation (actively transporting product, cash, or otherwise being operated in the service of the business). We will not utilize transport vehicles for business purposes outside of the hours of operation, and will not leave product, cash or valuables in the vehicles while not attended.

4. Indicate the number of employees you will have at peak operating times.

Please refer to the answer provided to question #7.

5. How many distribution vehicles will you be using? Will the number of vehicles expand with the operation and if so what is the maximum number you will have? Will distribution vehicle(s) be stored on-site?

Our plan is to begin with one distribution vehicle (referred to as the "primary" vehicle below), and within the first few months, also outfit a secondary distribution vehicle [REDACTED]

[REDACTED], more information below). This “secondary” vehicle will be utilized as a service vehicle on occasion, but is otherwise [REDACTED] for transit to/from work. We anticipate expanding to two primary vehicles, plus one secondary vehicle within the first year.

We recognize that parking and security are concerns for the Planning Department and would like to take steps to ensure that parking impacts and security concerns are minimized. One way we thought to address the concern of primary transport vehicles left unattended in the parking lot overnight would be to have facility personnel use them to commute to/from work at the beginning and end of the work day. This would also alleviate the demand on the parking spaces allocated to us by the building manager. If this is not preferred, please let us know and we would be happy to come up with a better plan.

6. Describe the distribution vehicle(s) you plan to use? Are they leased or privately owned? Describe the security features of the vehicle(s) and precautions you plan on taking during this component of the business.

As our primary vehicle, we intend to purchase (finance) a [REDACTED] that is outfitted with an alarm, GPS, temperature control, security camera, and locking steel cage affixed to the vehicle frame for product storage. The [REDACTED] will be unmarked, and the cargo area of the vehicle will not be visible from outside the vehicle. The vehicle’s security and camera systems are designed to discourage break-ins when the vehicle is empty and unattended- but more importantly to rapidly alert the authorities in the event of a security incident.

In addition to this primary vehicle, we intend to utilize a [REDACTED] as a secondary vehicle for intermittent use, and/or local area transport. This [REDACTED] and will be outfitted with the same security features, including a locking fabricated steel cage affixed to the vehicle bed. Both vehicles and all transport personnel will comply with state regulatory requirements, including obtaining a Motor Carrier Permit for the transport of goods for hire.

We have discussed with the building manager and the other cannabis applicants in the building, sharing the cost of hiring an on-site security guard to monitor traffic to the building and to supervise instances of loading and unloading to the building. Gold Country Security, who is already familiar with building, is prepared to provide this service [REDACTED]

Transport personnel will be required to attend a training program that includes situational awareness and protocols for incident response. One provider of such training that we are considering is Hard Car Security, a security consulting, service and transport company specializing in the cannabis industry: <http://www.hardcarsecurity.com/security-guard-training/>

Two transport personnel will attend a vehicle at all times while in use for transporting cannabis. During loading and unloading of transport vehicles, the building Security Guard will be positioned near the loading bay door, with a good vantage point of the street and surroundings.

During transport of cannabis products, transport vehicles will only travel directly to or from our permitted facility, and the premises of other licensed cannabis businesses with whom we are conducting a business transaction. The path of transit will be established ahead of time and recorded by GPS, with deviations allowed only for necessary rest, fuel, or vehicle repair stops, or in the case of an emergency.

7. Please indicate the number of parking spaces allocated by the building manager and describe how the allocated parking spaces will accommodate employees at peak operating times, the number of distribution vehicles, and visitor/vendor parking?

Parking

After a minor revision to our lease, the number of parking spaces allocated to Thrive Society is 14. The following table indicates how our allocated parking spaces will accommodate parking needs during peak operating times:

Category	# of Personnel	# of Parking Spaces	Notes
Principals	3	1	Two principals will commute using transport vehicles
Managers	2	2	Brought on initially
Facility Employees	3	3	Brought on later, as growth targets met
Transport Workers	4	4	2 per vehicle. Work in facility when not transporting
Transport Vehicles	0	2	Vehicles parked at facility only when not in service
Reserved for Visitors/Vendors	0	2	For security, scheduled vendor appointments will be staggered to prevent overlap
Total	12	14	

Personnel

To begin with, in addition to Thrive Society’s 3 principals, we anticipate having 2 other employees, for a total of 5. We expect to bring on a few other employees as we grow (see table, above) and employ two transport workers per transport vehicle in our fleet, but we estimate that the facility and the number of parking spaces allocated to us would only accommodate a fleet of two primary transport vehicles, plus the use of one of our [REDACTED] as a secondary transport vehicle.

Accommodating Growth

With a number of prospective MCB applicants in the New Mohawk building, concerns about parking, security, neighborhood impact and capacity are certainly valid. We would like to assure you that we are mindful of these concerns and have been exploring solutions to operate efficiently, minimizing impact and working within the multiple natural constraints of our permit, licenses, allocated parking spaces, building, and surrounding environment.

Thrive Society principal Danielle Dao holds a lease on a 3200 sq. ft. warehouse facility in Loma Rica (Unincorporated Nevada County). As a business, we may decide to utilize this warehouse property in a supporting capacity- for hosting meetings with clients and vendors,

holding educational workshops, and for storing and assembling packaging materials. *Under no circumstances will we store regulated cannabis products or cash at this facility-* but it may be very helpful to utilize the building for non-cannabis related operations, like client relations, community engagement, and branding and marketing. Also, it could help alleviate the pressure to host all of our various non-cannabis business functions within the state-licensed (and city permitted) facility.

If the moment should arrive in the future, for example, where Thrive Society might want to employ a couple additional facility employees, we will need to implement a carpool or ride-sharing program to keep within the number of parking spaces allocated by the building manager. A protocol of arranging an employee carpool from the Loma Rica facility would provide a consistent and controlled way of minimizing traffic and parking impacts by our operations. Transport vehicles could also be parked at this property overnight if it was preferred, where they could be kept under video surveillance.

We are committed to operating in a way that is prudent and in keeping with the intent outlined in our business plan- not to utilize this secondary facility as a loophole and expand beyond the natural constraints we recognize are appropriate for the building, roads and neighborhood.

If we should be fortunate to find our business out-performing our expectations, we would explore the potential of relocating one or both of our Distribution or Manufacturing facilities to a property which would accommodate that growth. But that's a ways down the road, and right now we are in start-up mode and expect to operate lean for some time as we establish our internal systems and build capacity.